

**Vanguard®**

# Vanguard® Wholesale Funds

## Supplementary Product Disclosure Statement

18 June 2012

**! About this document:** This document is a Supplementary Product Disclosure Statement ('SPDS') issued by Vanguard Investments Australia Ltd ('Vanguard') ABN 72 072 881 086 /AFSL 227263. This SPDS updates the following Product Disclosure Statements ('PDSs')

Product Disclosure Statement	Dated	Applicable SPDS Sections
Vanguard® Cash Reserve Fund	7 November 2011	2
Vanguard® Cash Plus Index Fund	7 November 2011	2
Vanguard® Australian Government Bond Index Fund	7 November 2011	2, 3
Vanguard® Australian Fixed Interest Index Fund	7 November 2011	1, 2, 3
Vanguard® Australian Inflation-Linked Bond Index Fund	11 April 2011	2
Vanguard® International Fixed Interest Index Fund (Hedged)	7 November 2011	1, 2, 4
Vanguard® International Credit Securities Index Fund (Hedged)	7 November 2011	2, 4
Vanguard® Diversified Bond Index Fund	7 November 2011	2, 5, 6, 7
Vanguard® Global Infrastructure Fund	7 November 2011	2
Vanguard® Global Infrastructure Fund (Hedged)	7 November 2011	2
Vanguard® Australian Property Securities Index Fund	7 November 2011	1, 2, 7
Vanguard® International Property Securities Index Fund	7 November 2011	2
Vanguard® International Property Securities Index Fund (Hedged)	7 November 2011	2
Vanguard® Australian Shares Index Fund	7 November 2011	1, 2, 7
Vanguard® Australian Shares High Yield Fund	7 November 2011	2, 7
Vanguard® International Shares Index Fund	7 November 2011	1, 2
Vanguard® International Shares Index Fund (Hedged) – AUD Class	7 November 2011	1, 2
Vanguard® International Shares Index Fund (Hedged) – NZD Class	7 November 2011	1, 2
Vanguard® International Small Companies Index Fund	7 November 2011	2
Vanguard® International Small Companies Index Fund (Hedged)	7 November 2011	2
Vanguard® Emerging Markets Shares Index Fund	7 November 2011	2
Vanguard® Conservative Index Fund	7 November 2011	2, 5, 6
Vanguard® Balanced Index Fund	7 November 2011	2, 5, 6
Vanguard® Growth Index Fund	7 November 2011	2, 5, 6
Vanguard® High Growth Index Fund	7 November 2011	2, 5, 6
<i>(collectively referred to as "the Funds")</i>		

This SPDS must be read in conjunction with the PDSs for the relevant Fund to the extent applicable. Words and expressions defined in the PDSs have the same meaning in this SPDS.

Except to the extent amended by this SPDS or updated on our website, the PDSs remain in full force.

### Legal details of the issuer

Vanguard Investments Australia Ltd  
 ABN 72 072 881 086 /AFSL 227263  
 Level 34, Freshwater Place  
 2 Southbank Boulevard  
 Southbank Victoria 3006

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In preparing the above information, your circumstances have not been taken into account and it may therefore not be applicable to your situation. Before making an investment decision, you should consider your circumstances and whether the above information is applicable to your situation.

## 1. Management costs

Vanguard Australian Fixed Interest Index Fund,  
Vanguard International Fixed Interest Index Fund (Hedged),  
Vanguard Australian Property Securities Index Fund,  
Vanguard Australian Shares Index Fund,  
Vanguard International Shares Index Fund,  
Vanguard International Shares Index Fund (Hedged) – AUD Class,  
Vanguard International Shares Index Fund (Hedged) – NZD Class.

The management costs for some of the Funds will be reduced effective **1 August 2012**.

Details of the changes are outlined below.

### SUMMARY TABLE: MANAGEMENT COST CHANGES

FUND	Management costs to 31 July 2012	New management costs effective 1 August 2012
Vanguard Australian Fixed Interest Index Fund	0.29% p.a.	0.24% p.a.
Vanguard International Fixed Interest Index Fund (Hedged)	0.34% p.a.	0.26% p.a.
Vanguard Australian Property Securities Index Fund	0.34% p.a.	0.24% p.a.
Vanguard Australian Shares Index Fund	0.34% p.a.	0.18% p.a.
Vanguard International Shares Index Fund	0.36% p.a.	0.18% p.a.
Vanguard International Shares Index Fund (Hedged) – AUD Class	0.39% p.a.	0.21% p.a.
Vanguard International Shares Index Fund (Hedged) – NZD Class	0.39% p.a.	0.31% p.a.

### Vanguard Australian Fixed Interest Index Fund

The table headed **TYPE OF FEE OR COST** in **Section 6 to page 6** of the Vanguard Australian Fixed Interest Index Fund PDS is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Termination fee</i>	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.24% p.a. *

\* The amount of this fee can be negotiated.

The table in **Section 6 on page 6** of the Vanguard Australian Fixed Interest Index Fund PDS under the heading **Example of annual fees and costs** is deleted and replaced with the following:

#### EXAMPLE

Vanguard Australian Fixed Interest Index Fund	Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.24% p.a. <b>And</b> , for every \$500,000 you have in the Fund you will be charged \$1,200 each year.
EQUALS cost of Fund	If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$1,200<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.10% would also apply. For every \$5,000 you put in, you will be charged \$5.

## Vanguard International Fixed Interest Index Fund (Hedged)

The table headed **TYPE OF FEE OR COST** in **Section 6 on page 6** of the **Vanguard International Fixed Interest Index Fund (Hedged) PDS** is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.26% p.a. *

\* The amount of this fee can be negotiated.

The table in **Section 6 on page 6** of the **Vanguard International Fixed Interest Index Fund (Hedged) PDS** under the heading **Example of annual fees and costs** is deleted and replaced with the following:

### EXAMPLE

<b>Vanguard International Fixed Interest Index Fund (Hedged)</b>		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.26% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$1,300 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$1,300<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.15% would also apply. For every \$5,000 you put in, you will be charged \$7.50.

## Vanguard Australian Property Securities Index Fund

The table headed **TYPE OF FEE OR COST** in **Section 6 on page 6** of the **Vanguard Australian Property Securities Index Fund PDS** is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.24% p.a. *

\* The amount of this fee can be negotiated.

The table in **Section 6 on page 6** of the **Vanguard Australian Property Securities Index Fund PDS** under the heading **Example of annual fees and costs** is deleted and replaced with the following:

### EXAMPLE

<b>Vanguard Australian Property Securities Index Fund</b>		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.24% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$1,200 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$1,200<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.20% would also apply. For every \$5,000 you put in, you will be charged \$10.

## Vanguard Australian Shares Index Fund

The table headed **TYPE OF FEE OR COST** in **Section 6 on page 6** of the **Vanguard Australian Shares Index Fund PDS** is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Termination fee</i>	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.18% p.a. *

\* *The amount of this fee can be negotiated.*

The table in **Section 6 on page 6** of the **Vanguard Australian Shares Index Fund PDS** under the heading **Example of annual fees and costs** is deleted and replaced with the following:

### EXAMPLE

<b>Vanguard Australian Shares Index Fund</b>		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.18% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$900 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$900<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.20% would also apply. For every \$5,000 you put in, you will be charged \$10.

## Vanguard International Shares Index Fund

The table headed **TYPE OF FEE OR COST** in **Section 6 on page 6** of the **Vanguard International Shares Index Fund PDS** is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Termination fee</i>	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.18% p.a. *

\* *The amount of this fee can be negotiated.*

The table in **Section 6 on page 6** of the **Vanguard International Shares Index Fund PDS** under the heading **Example of annual fees and costs** is deleted and replaced with the following:

### EXAMPLE

<b>Vanguard International Shares Index Fund</b>		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.18% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$900 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$900<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.30% would also apply. For every \$5,000 you put in, you will be charged \$15.

## Vanguard International Shares Index Fund (Hedged) – AUD Class

The table headed **TYPE OF FEE OR COST** in **Section 6 on page 6** of the **Vanguard International Shares Index Fund (Hedged) – AUD Class PDS** is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.21% p.a. *

\* The amount of this fee can be negotiated.

The table in **Section 6 on page 7** of the **Vanguard International Shares Index Fund (Hedged) – AUD Class PDS** under the heading **Example of annual fees and costs** is deleted and replaced with the following:

### EXAMPLE

<b>Vanguard International Shares Index Fund (Hedged) – AUD Class</b>		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.21% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$1,050 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$1,050<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.35% would also apply. For every \$5,000 you put in, you will be charged \$17.50.

## Vanguard International Shares Index Fund (Hedged) – NZD Class

The table headed **TYPE OF FEE OR COST** in **Section 6 on page 6** of the **Vanguard International Shares Index Fund (Hedged) – NZD Class PDS** is deleted and replaced with the following:

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.31% p.a. *

\* The amount of this fee can be negotiated.

The table in **Section 6 on page 7** of the **Vanguard International Shares Index Fund (Hedged) – NZD Class PDS** under the heading **Example of annual fees and costs** is deleted and replaced with the following:

### EXAMPLE

<b>Vanguard International Shares Index Fund (Hedged) – NZD Class</b>		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.31% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$1,550 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$1,550<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last business day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.35% would also apply. For every \$5,000 you put in, you will be charged \$17.50.

## 2. Buy/Sell spreads

### All Funds

In **Section 6 on page 6** of each Fund's PDS delete the following sentence at the end of the first paragraph under the table entitled **TYPE OF FEE OR COST**:

*"Vanguard may increase buy/sell spread costs without notice when it is necessary to protect the interests of existing investors and if permitted by law."*

and replace with the following:

*"Vanguard may vary the buy/sell spread costs from time to time including increasing these costs without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on Vanguard's website [www.vanguard.com.au](http://www.vanguard.com.au)."*

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## 3. UBS Indices name change

The name for UBS indices are updated as set out below. The indices have not changed in any other respect.

### Vanguard Australian Fixed Interest Index Fund

**Change all references** in the PDS for the Vanguard Australian Fixed Interest Index Fund from the *UBS Australian Composite Bond Index* to *UBS Composite Bond Index*.

### Vanguard Australian Government Bond Index Fund

**Change all references** in the PDS for the Vanguard Australian Government Bond Index Fund from the *UBS Australian Government Bond Index* to *UBS Government Bond Index*.

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## 4. Barclays Indices name change

Barclays Capital has rebranded its family of indices under the "Barclays" name. The indices have not changed in any other respect as a result of this name change.

### Vanguard International Fixed Interest Index Fund (Hedged)

**Change all references** in the PDS for the Vanguard International Fixed Interest Index Fund (Hedged) from the *Barclays Capital Global Treasury Index* to *Barclays Global Treasury Index*.

### Vanguard International Credit Securities Index Fund (Hedged)

**Change all references** in the PDS for the Vanguard International Credit Securities Index Fund (Hedged) from the *Barclays Capital Global Aggregate Government-Related and Corporate Index* to *Barclays Global Aggregate Government-Related and Corporate Index*.

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## 5. Custodian

Vanguard Diversified Bond Index Fund, Vanguard Conservative Index Fund, Vanguard Balanced Index Fund, Vanguard Growth Index Fund and Vanguard High Growth Index Fund

In the **last paragraph** of **Section 1 on page 2** of PDS for the above-named Funds **delete the sentence**:

*"Vanguard has appointed JP Morgan Chase Bank (ABN 43 074 112 011) to act as an independent custodian and hold the assets of the Fund."*

and replace with the following:

*"The Fund holds units in other Vanguard funds (underlying funds) and does not hold other securities in its own right. As such, the Fund operates without a separate custodian. The assets of the Fund are held by Vanguard as the responsible entity on trust for investors."*

## 6. Investment strategy and investment return objective

Vanguard Diversified Bond Index Fund,  
Vanguard Conservative Index Fund,  
Vanguard Balanced Index Fund,  
Vanguard Growth Index Fund,  
Vanguard High Growth Index Fund

### Vanguard Diversified Bond Index Fund

The table headed **Investment strategy and investment return objective** in **Section 5** on **page 5** of the Vanguard Diversified Bond Index Fund PDS is deleted and replaced with the following:

<b>Investment strategy and investment return objective</b>	<p>The Fund seeks to track the return (income and capital appreciation) of a tailored diversified index representing a 40% allocation to the UBS Composite Bond Index, and a 60% allocation to the Barclays Global Aggregate ex Securitised Index (hedged to Australian dollars) before taking into account fees, expenses, and tax. The Fund meets its investment strategy by investing in the following underlying funds, including but not limited to:</p> <ul style="list-style-type: none"><li>▪ Vanguard Australian Fixed Interest Index Fund</li><li>▪ Vanguard International Fixed Interest Index Fund (Hedged)</li><li>▪ Vanguard International Credit Securities Index Fund (Hedged)</li></ul> <p>Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the indices of the underlying funds or in different or other funds.</p> <p>For more information about the underlying funds and the indices that they track, visit the Vanguard website at <a href="http://www.vanguard.com.au">www.vanguard.com.au</a>.</p>
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### Vanguard Conservative Index Fund

The table headed **Investment strategy and investment return objective** in **Section 5** on **page 5** of the Vanguard Conservative Index Fund PDS is deleted and replaced with the following:

<b>Investment strategy and investment return objective</b>	<p>The Fund seeks to track the weighted average return of the various indices of the underlying funds in which the Fund invests, in proportion to the strategic asset allocation (SAA) for the Fund, before taking into account fees, expenses, and tax. The Fund holds units in the following underlying funds, including but not limited to:</p> <ul style="list-style-type: none"><li>▪ Vanguard Cash Plus Index Fund</li><li>▪ Vanguard Australian Fixed Interest Index Fund</li><li>▪ Vanguard International Fixed Interest Index Fund (Hedged)</li><li>▪ Vanguard International Credit Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Property Securities Index Fund</li><li>▪ Vanguard International Property Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Shares Index Fund</li><li>▪ Vanguard International Shares Index Fund</li><li>▪ Vanguard International Small Companies Index Fund (Hedged)</li></ul> <p>Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the indices of the underlying funds or in different or other funds.</p> <p>For more information about the underlying funds and the indices that they track, visit the Vanguard website at <a href="http://www.vanguard.com.au">www.vanguard.com.au</a>.</p>
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## Vanguard Balanced Index Fund

The table headed **Investment strategy and investment return objective** in **Section 5** on **page 5** of the Vanguard Balanced Index Fund PDS is deleted and replaced with the following:

<b>Investment strategy and investment return objective</b>	<p>The Fund seeks to track the weighted average return of the various indices of the underlying funds in which the Fund invests, in proportion to the strategic asset allocation (SAA) for the Fund, before taking into account fees, expenses, and tax. The Fund holds units in the following underlying funds, including but not limited to:</p> <ul style="list-style-type: none"><li>▪ Vanguard Cash Plus Index Fund</li><li>▪ Vanguard Australian Fixed Interest Index Fund</li><li>▪ Vanguard International Fixed Interest Index Fund (Hedged)</li><li>▪ Vanguard International Credit Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Property Securities Index Fund</li><li>▪ Vanguard International Property Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Shares Index Fund</li><li>▪ Vanguard International Shares Index Fund</li><li>▪ Vanguard International Small Companies Index Fund (Hedged)</li><li>▪ Vanguard Emerging Markets Shares Index Fund</li></ul> <p>Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the indices of the underlying funds or in different or other funds.</p> <p>For more information about the underlying funds and the indices that they track, visit the Vanguard website at <a href="http://www.vanguard.com.au">www.vanguard.com.au</a>.</p>
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## Vanguard Growth Index Fund

The table headed **Investment strategy and investment return objective** in **Section 5** on **page 5** of the Vanguard Growth Index Fund PDS is deleted and replaced with the following:

<b>Investment strategy and investment return objective</b>	<p>The Fund seeks to track the weighted average return of the various indices of the underlying funds in which the Fund invests, in proportion to the strategic asset allocation (SAA) for the Fund, before taking into account fees, expenses, and tax. The Fund holds units in the following underlying funds, including but not limited to:</p> <ul style="list-style-type: none"><li>▪ Vanguard Cash Plus Index Fund</li><li>▪ Vanguard Australian Fixed Interest Index Fund</li><li>▪ Vanguard International Fixed Interest Index Fund (Hedged)</li><li>▪ Vanguard International Credit Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Property Securities Index Fund</li><li>▪ Vanguard International Property Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Shares Index Fund</li><li>▪ Vanguard International Shares Index Fund</li><li>▪ Vanguard International Small Companies Index Fund (Hedged)</li><li>▪ Vanguard Emerging Markets Shares Index Fund</li></ul> <p>Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the indices of the underlying funds or in different or other funds.</p> <p>For more information about the underlying funds and the indices that they track, visit the Vanguard website at <a href="http://www.vanguard.com.au">www.vanguard.com.au</a>.</p>
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## Vanguard High Growth Index Fund

The table headed **Investment strategy and investment return objective** in **Section 5** on **page 5** of the Vanguard High Growth Index Fund PDS is deleted and replaced with the following:

<b>Investment strategy and investment return objective</b>	<p>The Fund seeks to track the weighted average return of the various indices of the underlying funds in which the Fund invests, in proportion to the strategic asset allocation (SAA) for the Fund, before taking into account fees, expenses, and tax. The Fund holds units in the following underlying funds, including but not limited to:</p> <ul style="list-style-type: none"><li>▪ Vanguard Australian Fixed Interest Index Fund</li><li>▪ Vanguard International Fixed Interest Index Fund (Hedged)</li><li>▪ Vanguard International Credit Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Property Securities Index Fund</li><li>▪ Vanguard International Property Securities Index Fund (Hedged)</li><li>▪ Vanguard Australian Shares Index Fund</li><li>▪ Vanguard International Shares Index Fund</li><li>▪ Vanguard International Small Companies Index Fund (Hedged)</li><li>▪ Vanguard Emerging Markets Shares Index Fund</li></ul> <p>Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the indices of the underlying funds or in different or other funds.</p> <p>For more information about the underlying funds and the indices that they track, visit the Vanguard website at <a href="http://www.vanguard.com.au">www.vanguard.com.au</a>.</p>
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## 7. Disclaimers

### Vanguard Diversified Bond Index Fund

Insert the following disclaimer at the end of the PDS for the Vanguard Diversified Bond Index Fund:

#### *“UBS Composite Bond*

*The mark and name “UBS Composite Bond” is proprietary to UBS AG, Australia Branch (“UBS”).*

*UBS has agreed to the use of, and reference to the UBS Composite Bond (the “Index”) by us in connection with Vanguard Diversified Bond Index Fund (the “Fund”) and this Vanguard Diversified Bond Index Fund Product Disclosure Statement, but the Fund is not in any way sponsored, endorsed or promoted by UBS.*

*UBS does not make any warranty or representation or guarantee whatsoever, express or implied, either as to the results to be obtained as to the use of the Index or the figures or levels at which the Index stands at any particular day or otherwise. In addition, UBS gives no assurance regarding any modification or change in any methodology used in calculating the Index and is under no obligation to continue the calculation, publication and dissemination of the Index.*

*Furthermore, UBS does not warrant or represent or guarantee to any person the accuracy or completeness of the Index and its computation or any information related thereto and no warranty or representation or guarantee of any kind whatsoever relating to the Index is given or may be implied. The process and basis of computation and compilation of the Index and the related formula, constituent benchmarks and factors may at any time be changed or altered by UBS without notice.*

*No responsibility or liability is accepted by UBS (whether for negligence or otherwise) to any third party, including any investor, in connection with the Fund, or for any inaccuracies, omissions, mistakes or errors in the computation of the Index (and UBS shall not be obliged to advise any third party, including any investor, of any error therein) or for any economic or other loss which may be directly or indirectly sustained by any investors to the Fund or any other third parties dealing with the Fund as a result thereof and no claims, actions or legal proceedings may be brought against UBS (including any of its subsidiaries or affiliates) in any manner whatsoever by any investor or other third party dealing with the Fund. Any investor or other third party dealing with the Fund does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on UBS.*

*For avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any investor or other third party and UBS and must not be construed to have created such relationship.”*

### Vanguard Australian Shares Index Fund

Insert the following disclaimer at the end of the Vanguard Australian Shares Index Fund PDS:

#### ***"S&P and ASX disclaimer***

*This Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P") or by the Australian Stock Exchange Limited and its affiliates ("ASX"). S&P and ASX make no representation, condition or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the S&P/ASX 300 Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's and ASX's only relationship to Vanguard is the licensing of certain trademarks and trade names and of the S&P/ASX 300 Index which is determined, composed and calculated by S&P without regard to Vanguard or the Fund. S&P and ASX have no obligation to take the needs of Vanguard or the owners of the Fund into consideration in determining, composing or calculating the S&P/ASX 300 Index. S&P and ASX are not responsible for and have not participated in the determination of the prices and amount of the Fund or the timing of the issuance or sale of the Fund or in the determination or calculation of the equation by which the Fund share are to be converted into cash. S&P and ASX have no obligation or liability in connection with the administration, marketing, or trading of the Fund.*

*S&P and ASX do not guarantee the accuracy and/or the completeness of the S&P/ASX 300 Index or any data included therein and S&P and ASX shall have no liability for any errors, omissions, or interruptions therein. S&P and ASX make no warranty, condition or representation, express or implied, as to results to be obtained by Vanguard, owners of the fund, or any other person or entity from the use of the S&P/ASX 300 Index or any data included therein. S&P and ASX make no express or implied warranties, representations or conditions, and expressly disclaim all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P/ASX 300 Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P or ASX have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P/ASX 300 Index or any data included therein, even if notified of the possibility of such damages."*

### Vanguard Australian Property Securities Index Fund

Insert the following disclaimer at the end of the Vanguard Australian Property Securities Index Fund PDS:

#### ***"S&P and ASX disclaimer***

*This Fund is not sponsored, endorsed, sold or promoted by Standard & Poor's and its affiliates ("S&P") or by the Australian Stock Exchange Limited and its affiliates ("ASX"). S&P and ASX make no representation, condition or warranty, express or implied, to the owners of the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly or the ability of the S&P/ASX 300 A-REIT Index to track the performance of certain financial markets and/or sections thereof and/or of groups of assets or asset classes. S&P's and ASX's only relationship to Vanguard is the licensing of certain trademarks and trade names and of the S&P/ASX 300 A-REIT Index which is determined, composed and calculated by S&P without regard to Vanguard or the Fund. S&P and ASX have no obligation to take the needs of Vanguard or the owners of the Fund into consideration in determining, composing or calculating the S&P/ASX 300 A-REIT Index. S&P and ASX are not responsible for and have not participated in the determination of the prices and amount of the Fund or the timing of the issuance or sale of the Fund or in the determination or calculation of the equation by which the Fund share are to be converted into cash. S&P and ASX have no obligation or liability in connection with the administration, marketing, or trading of the Fund.*

*S&P and ASX do not guarantee the accuracy and/or the completeness of the S&P/ASX 300 A-REIT Index or any data included therein and S&P and ASX shall have no liability for any errors, omissions, or interruptions therein. S&P and ASX make no warranty, condition or representation, express or implied, as to results to be obtained by Vanguard, owners of the fund, or any other person or entity from the use of the S&P/ASX 300 A-REIT Index or any data included therein. S&P and ASX make no express or implied warranties, representations or conditions, and expressly disclaim all warranties or conditions of merchantability or fitness for a particular purpose or use and any other express or implied warranty or condition with respect to the S&P/ASX 300 A-REIT Index or any data included therein. Without limiting any of the foregoing, in no event shall S&P or ASX have any liability for any special, punitive, indirect, or consequential damages (including lost profits) resulting from the use of the S&P/ASX 300 A-REIT Index or any data included therein, even if notified of the possibility of such damages."*

## Vanguard Australian Shares High Yield Fund

Insert the following disclaimer at the end of the PDS for the Vanguard Australian Shares High Yield Fund:

### ***"FTSE disclaimer***

*The Vanguard Australian Shares High Yield Fund is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited (FTSE) or by the London Stock Exchange Group companies (LSEG) (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE ASFA Australia High Dividend Yield Index (the "Index"); and/or (ii) the figure at which the said Index stands at any particular time on any particular day or otherwise; and/or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Vanguard Australian Shares High Yield Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to Vanguard or to its clients. The Index is compiled and calculated by FTSE. However, none of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein. All rights in the Index vest in FTSE. "FTSE®" is a trademark of LSEG and is used by FTSE International Limited under license."*

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# Vanguard® Australian Shares Index Fund


## Product Disclosure Statement

7 November 2011

This Product Disclosure Statement (PDS) is issued by Vanguard Investments Australia Limited ABN 72 072 881 086 AFSL 227 263 (Vanguard), the responsible entity of the Vanguard Australian Shares Index Fund ARSN 090 939 718 ABN 65 759 271 740 APIR® Code VAN0002AU (Fund).

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This PDS is a summary of significant information you need to make a decision about the Fund. It includes references to other important information that is taken to form part of this PDS. These references begin with an exclamation mark  and are in *italics*. You should also consider this other important information before making your decision.

The information provided in this PDS is general only and does not take into account your personal financial situation or needs. You should therefore consider obtaining financial advice that is tailored to your financial circumstances from a licensed financial adviser.

Information in this PDS may change from time to time and where the changes are not materially adverse to investors, the information may be updated on the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au). A paper copy of any updated information is available free of charge on request.

All dollar amounts are in Australian dollars unless otherwise indicated. This PDS does not constitute an offer or invitation in any jurisdiction other than in Australia. For the avoidance of doubt, units in the Fund are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

None of The Vanguard Group, Inc. (including Vanguard Investments Australia Limited) or any of their related entities, directors or officers guarantee the repayment of capital or the performance of the Fund. Members of The Vanguard Group, Inc. may invest in, lend to or provide other services to the Fund.

If you would like to request a printed copy of this PDS or any of the other important information that forms part of this PDS, please contact us on **1300 655 102**.

**Registered office**  
Level 34, Freshwater Place  
2 Southbank Boulevard  
Southbank Victoria 3006

**Postal address**  
GPO Box 3006  
Melbourne Victoria 3001

**Telephone** 1300 655 102  
**Facsimile** 1300 765 712  
**Email** [clientservices@vanguard.com.au](mailto:clientservices@vanguard.com.au)  
**Website** [www.vanguard.com.au](http://www.vanguard.com.au)

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## 1. About Vanguard

Vanguard Investments Australia Limited is a wholly owned subsidiary of The Vanguard Group, Inc., which is based in the United States and currently manages nearly US\$1.9 trillion (A\$2 trillion) for nearly 25 million institutional and personal investor accounts as at 30 June 2011.

Over the past 35 years, The Vanguard Group, Inc. has grown to be one of the world's largest and most respected investment management companies. The Vanguard Group, Inc. now has a global presence with offices in the United States, Australia, Asia and Europe.

In Australia, Vanguard has been helping investors meet their long-term financial goals with low cost indexing solutions for nearly 15 years.

Vanguard is the responsible entity of the Fund. As responsible entity, Vanguard is solely responsible for the management and administration of the Fund. Vanguard is also the investment manager for the Fund. Vanguard has appointed JP Morgan Chase Bank (ABN 43 074 112 011) to act as an independent custodian and hold the assets of the Fund.

## 2. How the Fund works

The Fund is a registered managed investment scheme. When you contribute money to a registered managed investment scheme, your money is pooled together with other people's money. Vanguard invests that money and manages the assets of the Fund on behalf of all scheme members. The Australian Securities & Investment Commission (ASIC) has a website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that has more information on managed investment schemes.

The Fund is divided into units. A unit represents a beneficial interest in the assets of the Fund as a whole (but not to any particular asset). Under the Fund's constitution, Vanguard is permitted to establish different classes of units. This PDS relates to the wholesale class of units.

### Unit prices

The value of a unit is determined by dividing the net asset value for that class of units (total assets for the class less total liabilities for the class) by the number of units on issue for that class. Units are usually valued daily, except on public holidays or if the market or Fund is closed for a particular reason. The value of units will change from time to time as the market value of the assets for a class of units rises or falls. The price you pay when contributing to the Fund (buying units) or receive when withdrawing from the Fund (selling units) is calculated as follows:

- Buy price = net asset value per unit plus the buy spread cost
- Sell price = net asset value per unit minus the sell spread cost

The buy/sell spread cost for the Fund is Vanguard's reasonable estimate of the transaction costs that the Fund may incur to buy and sell assets when investing contributions and funding withdrawals. The buy/sell spread costs are paid to the Fund to meet these expenses and are not received by Vanguard.

For information on unit prices visit [www.vanguard.com.au](http://www.vanguard.com.au) or contact Client Services on 1300 655 102.

### Applications and withdrawals

Subject to the minimum requirements in the table below, you can increase your investment at any time by buying more units and decrease your investment by selling or transferring some of your units.

Initial investment	\$500,000
Additional investment	\$5,000
Withdrawal	\$1,000
Transfer	\$500,000
Account balance	Nil

Vanguard may accept a lesser amount at its discretion. Vanguard may impose a minimum account balance in the future.

In some circumstances, Vanguard may permit investments via BPAY®.

Withdrawals from the Fund are normally paid within four business days.

There may be some circumstances when withdrawals are suspended, such as when units cannot be accurately priced or if the Fund becomes illiquid.

Subject to certain minimum requirements, Vanguard may allow you to transfer your units in the Fund to another person in Australia.

## Income distributions


The Fund may earn income such as dividends or interest. The Fund may also realise capital gains or losses on the sale of investments. Distributable income and net realised capital gains (if any) will be determined quarterly, as at 31 March, 30 June, 30 September and 31 December each year, and will normally be paid within 10 business days. The amount of distributions will vary from period to period and there may be periods in which no distribution is made. Distributions are calculated on a per unit basis and will be paid to investors based on the number and class of units held as at the end of the distribution period. If the number of units on issue increases before the end of a distribution period, this could decrease the level of distributable income per unit that might otherwise have been payable. In some circumstances, Vanguard may allocate income as part of the withdrawal price of a unit, for example where a significant withdrawal is made, in order to ensure a fair and reasonable allocation among investors.

You can choose to have your distributions of income:

- reinvested in additional units; or
- paid directly to a nominated Australian bank account.

If you don't make a choice, income distributions will be automatically reinvested in additional units. Where your distributions are reinvested, the units you receive will be issued to you without a buy spread being added. Vanguard reserves the right to reinvest any distributions following the death of the investor even if the investor or the investor's representative requests the distributions to be credited to an Australian bank account.

You may change your choice for distribution payments by notifying Vanguard in writing at least 5 business days before the end of the distribution period, and this will apply to all subsequent distributions.

 *You should read the important information about unit pricing, applications and withdrawals (including Bpay and transfers) in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to page 3 of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to unit pricing, applications and withdrawals in the Vanguard Wholesale Funds Reference Guide may change between the time you read this PDS and the day when you sign the Application Form.*

## 3. Benefits of investing in the Fund

Investing in the Fund offers you a range of benefits. You may have access to certain investments that you would not otherwise be able to access, your transaction costs may be reduced, and you also have access to the knowledge and skill of Vanguard as a specialist investment manager.

### Investment approach

Vanguard employs an investment approach whereby a fund is designed to track the returns of a chosen index (also known as a benchmark) – an index fund. This is achieved by holding all of the securities included in the index or a representative sample of these securities.

The benefits of Vanguard's investment approach include:

- **Competitive long-term performance** - Vanguard's investment approach provides investors with an efficient way to capture long-term market performance. Historically the returns of index funds have been competitive with the returns of active funds over the long term. However, past performance is not a reliable indicator of future performance.
- **Diversification** - The Fund provides a diversified portfolio of securities, which means the Fund is less exposed to the performance fluctuations of individual securities. This moderates the volatility of the portfolio and 'smooths out' investment returns over time. The Fund invests in a wide selection of available securities in the relevant index, generally holding significantly more securities than most active funds with the same benchmark. From time to time, however, the number of securities in a given index may reduce due to factors such as index rebalancing.
- **Low cost investing** - The Fund has low ongoing fees as we strive to minimise the costs of managing and operating the Fund. The Fund typically has low portfolio turnover resulting in low trading costs such as brokerage and other transaction costs.
- **Tax efficiency** - Vanguard's buy and hold strategy means that securities are held within a portfolio for longer. If certain securities are held for more than 12 months, any capital gain on the disposal of those securities may be reduced under the capital gains tax discount rules – a tax efficient outcome for eligible investors.

### Investor communication

You can obtain up-to-date information about the Fund by visiting the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au)

As an investor in the Fund, we'll keep you up to date regarding your investment. Email is Vanguard's preferred means of sending you information. Please ensure that you provide us with your email address on the Application Form.

We will meet our continuous disclosure obligations by disclosing new material information on the Vanguard website. Copies of documents lodged with ASIC may be obtained from or inspected at an ASIC office.



Vanguard can also provide you with a copy (free of charge) of:

- the Annual Financial Report most recently lodged with ASIC;
- any half-yearly Fund financial reports lodged with ASIC; and
- any continuous disclosure notices given for the Fund after the lodgement of an annual report.

 *You should read the important information about investor communication in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to page 8 of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to investor communication in the Vanguard Wholesale Funds Reference Guide may change between the time you read this PDS and the day when you sign the Application Form.*

## Indirect investors

You may invest in the Fund offered in this PDS through a master trust, wrap account, a nominee or a custody service, or investor directed portfolio service (collectively referred to as an 'IDPS'). An IDPS provides an administration and reporting service that offers access to a range of underlying wholesale investments.

If you invest in this manner you are an indirect investor in the Fund and certain information in this PDS is not relevant to you such as: applications and withdrawals; income distributions; investor communication; fees and costs; how to open an account; cooling off; and complaints. You should consult the offer document or client agreement of the IDPS.

## 4. Risks of managed investment schemes

All investments have some level of risk. It is important to keep in mind one of the principles in investing: the higher the potential reward, the higher the risk of losing money. The reverse is also generally true: the lower the risk, the lower the potential reward. Different investment strategies carry different levels of risk, depending on the assets that make up the investment strategy.

It is important to understand that:

- the value of the investments may go up and down;
- investment returns are not guaranteed and investors may lose some of their money;
- the level of returns may vary and future returns may differ from past returns; and
- the appropriate level of risk for each person depends on a range of factors, including age, investment time frame, where other parts of the investor's wealth is invested, and the investor's risk tolerance.

Risks of managed investment schemes vary depending on: the type and mix of securities that the fund invests in such as cash, fixed interest, property, and shares and the change in the value of those securities (security specific risk); the variability of returns of the broad market for those securities and the possibility that the market return is negative over short or even extended periods of time (market risk); the fluctuations in the value of the Australian dollar relative to other currencies for international securities (currency risk); the risk that governments may introduce regulatory or tax changes that affect the value of the securities of the fund (regulatory risk); the risk that a fund's trading counterparties cannot meet their financial obligations (credit and counterparty risk); and the risks associated with the use of derivative contracts such as performance differences, liquidity, credit, and counterparty risk (derivative risk).

## Significant risks of investing in the Fund

There is no guarantee that the value of your initial investment will be maintained. In other words, the value of your investment may rise or fall. Significant investment risks include:

- **Market risk** - There is the chance that security prices overall will decline.
- **Security specific risk** - There is the chance that the price of an individual security will decline. The return of the Fund is a combination of the return of the broad market and the return specific to each individual security held by the Fund. The Fund is generally well protected from security specific risk by diversifying the holdings of the Fund across the market.
- **Derivative risk** - The primary risks associated with the use of derivative contracts are: the values of the derivative may fail to move in line with the underlying asset (a performance difference); the potential lack of liquidity of the derivative; the Fund may not be able to meet payment obligations for the derivative contracts as they arise; and the counterparty to the derivative contract may not meet its obligations under the contract. The risk of a performance difference is minimised by investing in derivative contracts where the behaviour is expected to resemble the key risk/return characteristics of the Fund's underlying securities. The risk that the Fund may not be able to close out a derivatives position is minimised by entering into transactions on an exchange with an active and liquid secondary market, or with counterparties that are able to provide a minimum level of liquidity for any transactions in the over-the-counter market. The Fund does not use derivative contracts for speculative purposes or to leverage the assets of the Fund.

- **Counterparty risk** - There is the chance that the Fund's trading counterparties become insolvent or cannot otherwise meet their obligations to the Fund.
- **Regulatory risk** - The Fund may be affected by changes to legislation or government policy. These changes are monitored by Vanguard and action is taken, where appropriate, to facilitate the achievement of the Fund's investment objectives.
- **Fund risk** - Investing in a managed investment scheme carries with it the risks of that investment vehicle including: the costs of managing the Fund may not be measured by the index for the Fund (tracking error); the securities in the index for the Fund may change due to changes in the industry or the relevant sector; the fees and costs for the Fund could change; Vanguard could be replaced as the responsible entity and/or investment manager for the Fund; or the Fund could terminate. There is also a risk that investing in the Fund may give different results than investing directly yourself in the underlying securities because of the income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors in the Fund.
- **Manager risk** - The Fund may fail to meet its investment strategy due to Vanguard's security selection or implementation processes which may cause the Fund to underperform its benchmark or other funds with a similar investment strategy.
- **Other risks** - Managed investment schemes are also subject to operational risk in that circumstances beyond Vanguard's control may prevent it from managing the Fund in accordance with its investment strategy such as strikes or industrial disputes, fires, war, civil disturbance, terrorist acts, state emergencies, and epidemics.

## 5. How we invest your money

**Warning:** When it comes to choosing an investment in the Fund, you should consider:

- the likely investment return;
- the risk; and
- your investment timeframe.

<b>Investment strategy and investment return objective</b>	The Fund seeks to track the return (income and capital appreciation) of the S&P/ASX 300 Index before taking into account fees, expenses, and tax. The S&P/ASX 300 Index comprises approximately 300 of the largest companies (shares) listed on the Australian Securities Exchange (ASX). The index represents approximately 85 per cent of the value of all Australian-based companies and property trusts listed on the ASX. The Fund will hold most of the securities in the index, allowing for individual security weightings to vary marginally from the index from time to time. The Fund may invest in securities that have been removed from or are expected to be included in the index.
<b>Strategic asset allocation</b>	Australian shares 100%
<b>Minimum suggested investment timeframe</b>	Five years.
<b>Summary risk level</b>	High - The potential for higher returns than lower risk investments, however there is the higher potential for below-average returns and/or some loss of capital.
<b>Who it may suit</b>	Buy and hold investors seeking long-term capital growth, some tax-effective income, and with a higher tolerance for the risks associated with share market volatility.

## Environmental, social, and ethical considerations

Vanguard does not take into account labour standards, environment, social or ethical considerations when selecting, retaining or realising investments in the Fund.

## Changing the investment strategy

Vanguard may from time to time vary the investment strategy of the Fund, including by changing the target index for the Fund. Vanguard will notify investors of any such changes.

## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features, such as superior investment performance or the provision of better member services, justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

## Fees and costs of the Fund

The following table shows the fees and costs you may be charged for investing in the Fund. This information can be used to compare costs between different simple managed investment schemes. The fees and costs may be deducted from your account balance or deducted from the returns on your investment.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Termination fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.34% p.a. *

\* The amount of this fee can be negotiated.

Buy/sell spread costs apply to the Fund. A buy spread cost of 0.20% is charged on each contribution and a sell spread cost of 0.10% is charged on each withdrawal, and is reflected in the buy price and sell price respectively for units in the Fund. Vanguard may increase buy/sell spread costs without notice when it is necessary to protect the interests of existing investors and if permitted by law.

The management costs for the Fund incorporate goods and services tax (GST) after taking into account any expected input tax credits. The management costs for the Fund also incorporate management costs for any underlying funds. At least 30 days prior notice will be given to unitholders before any fee increase or the introduction of a new fee takes effect.

## Example of annual fees and costs

The following table provides an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this Fund with other simple managed investment schemes.


### EXAMPLE

Vanguard Australian Shares Index Fund		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.34% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$1,700 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$1,700<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.20% would also apply. For every \$5,000 you put in, you will be charged \$10.

Vanguard has a managed funds fee calculator on our website at [www.vanguard.com.au](http://www.vanguard.com.au) that can be used to calculate the impact of fees and costs on your account balance. The Australian Securities & Investment Commission (ASIC) also has a managed funds fee calculator on their website at [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that can be used to calculate the impact of fees and costs on your account balance.


 *You should read the important information about fees and costs in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to page 10 of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to fees and costs in the Vanguard Wholesale Funds Reference Guide may change between the time you read this PDS and the day when you sign the Application Form.*

## 7. How managed investment schemes are taxed

**Warning:** Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

Taxation is complex and each investor's circumstances are different. This is only a brief summary of the taxation information relating to Australian tax residents who hold their Fund units on capital account for income tax purposes:

- Registered managed investment schemes **do not** pay tax on behalf of investors.
- Investors will be assessed for tax on their share of the net taxable income of the Fund (both income and capital gains) in the year to which their entitlement relates, irrespective of whether the income is reinvested in additional units or the income payment occurs at a later date.
- Investors may be liable for tax on capital gains realised on the sale of units in the Fund, either by withdrawal or transfer.

 *You should read the important information about taxation in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to page 14 of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to taxation in the Vanguard Wholesale Funds Reference Guide may change between the time you read this PDS and the day when you sign the Application Form.*

## 8. How to apply

To invest in the Fund:

1. Read this Product Disclosure Statement.
2. Read the important information referenced in the Vanguard Wholesale Funds Reference Guide.
3. Complete all sections of the Vanguard Wholesale Funds Application Form. We need to collect this information to comply with Anti-Money Laundering and Counter-Terrorism Financing legislation.
4. Read and sign the declaration in the Application Form.
5. Attach your supporting identification and documents, including any power of attorney authorisations.
6. Lodge your Application Form together with your supporting identification and documents. We recommend that you keep copies for future reference.

Your original Application Form, supporting identification and documents, and cheque must be posted to or lodged directly at the Vanguard office. **Please note that faxed or email copies will not be processed.**

Payment methods other than cheque are available i.e. you initiate a transfer to Vanguard's bank account. Please contact Client Services on 1300 655 102 for further details.

Vanguard may, in its absolute discretion, accept or refuse to accept, in whole or in part, any application for units without providing any reasons. If for any reason Vanguard refuses or is unable to process your application, we will return your application money to you. You will not be entitled to interest on your application money in this circumstance.

## Cooling off

If you invest \$500,000 or more in the Fund, you will be considered a wholesale investor. Wholesale investors, as defined in the *Corporations Act 2001 (Cth)*, do not have cooling off rights in relation to making an investment in the Fund.

However, if we exercise our discretion to accept an investment of less than \$500,000 in the Fund, you may have the same cooling off rights as a retail investor. Retail investors have the right to a 14 day cooling off period during which time you may request in writing that Vanguard repay your investment. The 14 day period commences either from the time the investment is confirmed by Vanguard or 5 days after the units are issued, whichever is the earlier. The amount repaid to you under the cooling off provisions may be less than the amount you invested. The amount repaid will be based on the sell price applicable for the day the request is received, and may be reduced by tax or duty paid or payable by you in relation to the acquisition and termination of the investment.

## Complaints

If you have a complaint about the Fund or the services provided to you by Vanguard, please contact Client Services on 1300 655 102. If your complaint is not resolved to your satisfaction, you can refer the matter in writing to:

Client Services Manager, Vanguard Investments Australia Limited, GPO Box 3006, Melbourne, Vic, 3001.

Vanguard will try to resolve the complaint and get back to you as soon as possible, but in any event we will respond to complaints within 45 days of receipt.

In the event that you are not satisfied with the outcome of your complaint, you have the right to refer the matter to an external dispute resolution process – the Financial Ombudsman Service (FOS). You can contact FOS on 1300 780 808.

## Privacy policy

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. Vanguard is committed to respecting the privacy of your personal information. Vanguard's privacy policy states how Vanguard manages personal information. Vanguard collects personal information in the Application Form, and may collect additional personal information in the course of managing your investment in order to provide this product to you and to establish and manage your investment in the Fund.

If you do not provide the information requested in the Application Form, Vanguard will not be able to process or accept your application.

To obtain a copy of the privacy policy or to access or update your personal information, visit [www.vanguard.com.au](http://www.vanguard.com.au) or contact Client Services on 1300 655 102 or write to GPO Box 3006, Melbourne, Vic, 3001.

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# Dimensional Australian Value Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0101AU

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Australian Value Trust ARSN 092 663 735 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

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## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838

## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

## Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. Information about Liquidity Risk is found in section 4 of this PDS.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.



### Frequency of distributions and how they are calculated

The Trust may earn income, such as dividends, interest on investments and trust distributions, and realised gains or losses on the sale of investments. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a quarterly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. Realised net capital gains in respect of a financial year will usually only be distributed at the end of the financial year. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to provide long-term capital growth by gaining exposure to a diversified portfolio of Value Companies listed in Australia (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide continuous exposure to a professionally managed portfolio of Value Companies listed in Australia.
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.
- For the taxable investor, Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Liquidity risk

Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, Dimensional may not be able to sell securities to pay withdrawal requests by you. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Strategy risk**

The Trust's investment strategy, as described in section 5 of this PDS, may mean that the Trust performs differently from the market as a whole. The Trust may at times underperform equities funds that use other investment strategies.

### **Trust risk**

Results from investing in the Trust, including tax outcomes, may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits, income, and net capital gains distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>The investment objective of the Trust is to provide long-term capital growth by gaining exposure to a diversified portfolio of Value Companies listed in Australia.</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a broad measure of market performance, reference may be made to the S&amp;P/ASX 300 Accumulation Index.</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>Australian shares 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking exposure to a diversified portfolio of Value Companies listed in Australia with the potential for long-term capital growth. Investors in this Trust will be exposed to share market volatility.</p> <p>Dimensional's equity portfolios are based on dimensions of expected returns that have been identified by academic research:</p> <ol style="list-style-type: none"> <li>1. The overall market – stocks have higher expected returns than bonds.</li> <li>2. Company size – small company stocks have higher expected returns than large company stocks.</li> <li>3. Relative price – low relative price or 'value' stocks have higher expected returns than high relative price stocks.</li> <li>4. Profitability – stocks with higher profitability have higher expected returns than stocks with lower profitability.</li> </ol> <p>Ordinarily, the Trust will invest in a diversified market-wide portfolio of Australian low relative price or 'Value' Companies. Within the Trust's eligible universe of low relative price companies, the portfolio emphasises investment in securities with a higher expected return considering the dimensions described above. In addition, Dimensional may also take into account other factors when determining a security's weight in the portfolio.</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Other members of the Dimensional Group may on occasion undertake the day-to-day trading of the securities, and make investment decisions under delegated authority from Dimensional.</p>
<b>Minimum suggested timeframe</b>	5+ years
<b>Summary risk level</b>	<p>High</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively high compared to funds investing in lower-risk assets such as fixed interest assets or cash.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management, implementation of the Trust's strategy, and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.335% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is +0.10% on entry and -0.10% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not

ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Australian Value Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.335% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$3,350 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$3,350 <sup>2</sup> . <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).

# Dimensional Australian Small Company Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0104AU

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Australian Small Company Trust ARSN 092 663 520 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

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## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838



## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

## Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. Information about Liquidity Risk is found in section 4 of this PDS.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.

### Frequency of distributions and how they are calculated

The Trust may earn income, such as dividends, interest on investments and trust distributions, and realised gains or losses on the sale of investments. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a quarterly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. Realised net capital gains in respect of a financial year will usually only be distributed at the end of the financial year. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to provide long-term capital growth by gaining exposure to a diversified portfolio of small companies listed in Australia (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide continuous exposure to a professionally managed portfolio of small companies listed in Australia.
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.
- For the taxable investor, Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Liquidity risk

Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, Dimensional may not be able to sell securities to pay withdrawal requests by you. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Small company risk**

Small stocks may perform differently from the market as a whole, and following a small-oriented investment strategy may cause the Trust to at times underperform equity funds that use other investment strategies. Securities of small companies are often less liquid than securities of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Trust risk**

Results from investing in the Trust, including tax outcomes, may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits, income, and net capital gains distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>The investment objective of the Trust is to provide long-term capital growth by gaining exposure to a diversified portfolio of small companies listed in Australia.</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a broad measure of market performance, reference may be made to the S&amp;P/ASX Small Ordinaries Accumulation Index.</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>Australian shares 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking exposure to a diversified portfolio of small companies listed in Australia with the potential for long-term capital growth. Investors in this Trust will be exposed to share market volatility.</p> <p>Dimensional's equity portfolios are based on dimensions of expected returns that have been identified by academic research:</p> <ol style="list-style-type: none"> <li>1. The overall market – stocks have higher expected returns than bonds.</li> <li>2. Company size – small company stocks have higher expected returns than large company stocks.</li> <li>3. Relative price – low relative price or 'value' stocks have higher expected returns than high relative price stocks.</li> <li>4. Profitability – stocks with higher profitability have higher expected returns than stocks with lower profitability.</li> </ol> <p>Ordinarily, the Trust will invest in a diversified portfolio of Australian small companies. Dimensional generally defines small companies as those companies which represent approximately the smallest 15% of securities by market capitalisation listed in Australia. Within the Trust's eligible universe of small company stocks, the portfolio emphasises investment in securities with a higher expected return considering the dimensions described above. In addition, Dimensional may also take into account other factors when determining a security's weight in the portfolio.</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Other members of the Dimensional Group may on occasion undertake the day-to-day trading of the securities, and make investment decisions under delegated authority from Dimensional.</p>
<b>Minimum suggested timeframe</b>	7+ years
<b>Summary risk level</b>	<p>Very high</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively high compared to funds investing in lower-risk assets such as fixed interest assets or cash.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

| You should read the important information about how we invest your money, including the extent to which  
 • labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management, implementation of the Trust's strategy, and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.60% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is +0.10% on entry and -0.10% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not

ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Australian Small Company Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.60% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$6,000 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$6,000 <sup>2</sup> .  <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).




Product Disclosure Statement | 6 July 2016

## Vanguard<sup>®</sup> International Shares Index Fund (Hedged) – AUD Class

This Product Disclosure Statement (PDS) is issued by Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227263 (Vanguard, we, us or our), the responsible entity of the Vanguard International Shares Index Fund (Hedged) ARSN 093 254 909 ABN 97 123 270 094 APIR<sup>®</sup> Code VAN0105AU (Fund).

### Contents

- 1 About Vanguard
- 2 How the Fund works
- 3 Benefits of investing in the Fund
- 4 Risks of managed investment schemes
- 5 How we invest your money
- 6 Fees and costs
- 7 How managed investment schemes are taxed
- 8 How to apply
- 9 Other information

This PDS is a summary of significant information you need to make a decision about the Fund. It includes references to other important information that is taken to form part of this PDS. These references begin with an exclamation mark  and are in *italics*. You should also consider this other important information before making your decision.

The information provided in this PDS is general only and does not take into account your personal financial situation or needs. You should therefore consider obtaining financial advice that is tailored to your personal circumstances from a licensed financial adviser.

Information in this PDS is current as at its issue date and may change from time to time. Where the changes are not materially adverse to investors, the information may be updated on the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au). A paper copy of any updated information is available free of charge on request.

All dollar amounts are in Australian dollars unless otherwise indicated. This PDS does not constitute an offer or invitation in any jurisdiction other than in Australia or New Zealand. Applications from outside Australia or New Zealand will not be accepted through this PDS. For the avoidance of doubt, units in the Fund are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

### WARNING TO NEW ZEALAND INVESTORS

Some of the content contained in this PDS will not apply to New Zealand investors.

None of The Vanguard Group, Inc. (including Vanguard Investments Australia Ltd) or any of their related entities, directors or officers guarantee the repayment of capital or the performance of the Fund. Vanguard or any of its related entities or associates may invest in, lend to or provide services to the Fund. Vanguard may also invest, lend to, or provide services to funds or accounts owned or managed by its related entities or perform services for clients who have appointed Vanguard as investment manager. The allocation of aggregated investments amongst various funds and accounts will be conducted by Vanguard and its related entities in accordance with appropriate policies and procedures to manage any conflicts of interest.

If you would like to request a printed copy of this PDS or any of the other important information that forms part of this PDS, please contact us on 1300 655 102.

Registered office  
Level 34, Freshwater Place  
2 Southbank Boulevard  
Southbank Victoria 3006

Postal address  
GPO Box 3006  
Melbourne Victoria 3001

Telephone  
Facsimile  
Email  
Website

1300 655 102 (+61 3 8888 3888)  
1300 765 712  
[clientservices@vanguard.com.au](mailto:clientservices@vanguard.com.au)  
[www.vanguard.com.au](http://www.vanguard.com.au)

# 1. About Vanguard

Vanguard Investments Australia Ltd ("Vanguard") is a wholly owned subsidiary of The Vanguard Group, Inc. The Vanguard Group, Inc. is one of the world's largest global investment management companies, with more than AUD\$4.5 trillion in global assets under management as of 31 March 2016, including more than AUD\$680 billion in ETFs. In Australia, Vanguard has been serving financial advisers, retail clients and institutional investors for more than 20 years.

Vanguard is the responsible entity of the Fund. As responsible entity, Vanguard is solely responsible for the management and administration of the Fund. Vanguard is also the investment manager for the Fund and may appoint other entities within the Vanguard group of companies to provide investment management related services to the Fund.

Vanguard has appointed JP Morgan Chase Bank, N.A.(Sydney branch) (ABN 43 074 112 011) to provide custodial, settlement and other related services in relation to the Fund and the underlying fund it invests in.

# 2. How the Fund works

The Fund is a registered managed investment scheme. When you contribute money to a registered managed investment scheme, your money is pooled together with other people's money. Vanguard invests that money and manages the assets of the Fund on behalf of all scheme members. The Australian Securities & Investments Commission (ASIC) has a website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that has more information about managed investment schemes.

The Fund is divided into units. As an investor, you acquire units in the Fund. A unit represents a beneficial interest in the assets of the Fund as a whole (but not to any particular asset). Under the Fund's constitution, Vanguard is permitted to establish different classes of units.

This PDS relates only to the AUD class of units of the Fund.

## Unit prices

The value of a unit is determined by dividing the net asset value attributable to the class of units (total assets for that class less total liabilities for that class) by the number of units on issue in that class at the time of valuation.

Units are usually valued daily, except on public holidays or if the market or Fund is closed for a particular reason. The value of units will change from time to time as the market value of the assets in the Fund rises or falls. The price you pay when contributing to the Fund (buying units) or receive when withdrawing from the Fund (selling units) is calculated as follows:

- Buy price = net asset value per unit plus the buy spread cost
- Sell price = net asset value per unit minus the sell spread cost

The buy/sell spread cost for the Fund is Vanguard's reasonable estimate of the transaction costs that the Fund may incur to buy and sell assets when investing contributions and funding withdrawals. The buy/sell spread costs are paid to the Fund to meet these expenses and are not received by Vanguard. Please refer to section "6. Fees and costs" for any buy/sell spread costs applicable to the Fund.

For information on unit prices visit our website or contact Client Services on 1300 655 102.

## Applications and withdrawals

Subject to the minimum requirements in the table below and other applicable terms and conditions, you can increase your investment at any time by buying more units or decrease your investment by withdrawing or transferring some of your units.

Initial investment	\$500,000 <sup>A</sup>
Additional investment	\$5,000 <sup>B</sup>
Withdrawal	\$1,000
Transfer	\$500,000 <sup>C</sup>
Account balance	Nil <sup>D</sup>

<sup>A</sup> Vanguard may accept a lesser amount at its discretion.

<sup>B</sup> A minimum additional investment amount of \$100 will be accepted via BPAY<sup>®</sup>.

<sup>C</sup> Vanguard may allow you to transfer your units in the Fund to another person in Australia or New Zealand.

<sup>D</sup> Vanguard may impose a minimum account balance in the future.

In most circumstances, Vanguard permits investments via BPAY<sup>®</sup>.

Withdrawals from the Fund are normally paid within four business days, however the constitution for the Fund allows withdrawal proceeds to be paid within a reasonable period, having regard to the nature of the assets or such longer period as the constitution for the Fund allows in certain circumstances. Payment of withdrawal proceeds may be delayed, including where there is a closure of a relevant market or exchange or during the first ten business days of July each year due to end of financial year activities for the Fund.

There may be some circumstances when withdrawals are suspended, such as when units cannot be accurately priced or if the Fund becomes illiquid.

## Income distributions

The Fund may earn income in the form of interest, net profits that result from any foreign currency exchange hedging activity, dividends, other income and distributions from the underlying fund it invests in. The distributions from the underlying fund may include interest, dividends and net profits from any foreign currency exchange exposure. Distributable income will generally be determined and distributed on a quarterly basis - 30 September, 31 December, 31 March and 30 June each year. The Fund may also realise gains and losses on the sale of investments. These gains may also be distributed on a quarterly basis. However, investors in funds exposed to currency hedges should expect an increase in the volatility of income distributions compared to funds with no currency hedge. Distributions may be larger when the currency hedge yields profits; conversely, distributions may be smaller (or even nil) when the currency hedge results in losses or where there are accumulated hedge losses from prior periods. Any distribution of hedge profits will be taxable in the hands of unitholders. Determination and distribution of net realised gains is generally performed on an annual basis at the end of the financial year - 30 June.

Vanguard has the discretion under the Fund's constitution to determine and distribute income at other times without notice to investors. Distributions will normally be paid within 10 business days following the end of the distribution period. The amount of distributions will vary from period to period and there may be periods in which no distribution is made. If this should occur, details will be available on our website. Distributions are calculated on a per unit basis and will be paid to investors based on the number and class of units held as at the end of the distribution period. If the number of units on issue increases before the end of a distribution period, this could decrease the level of distributable income per unit that might otherwise have been payable. Conversely, if the number of units on issue decreases before the end of a distribution period, this could increase the level of distributable income per unit that might otherwise have been payable.


In some circumstances, Vanguard may allocate income as part of the withdrawal proceeds paid to you, for example, where a significant withdrawal or switch is made, in order to ensure a fair and reasonable allocation among investors in the Fund.

You can choose to have your distributions of income:

- reinvested in additional units; or
- paid directly to a nominated Australian bank account.

If you do not make a choice, income distributions will be automatically reinvested in additional units in the Fund. Where your distribution of income is reinvested, the units you receive will be issued to you without a buy spread being added to the price you pay for those units. Vanguard reserves the right to reinvest any distributions following the death of the investor even if the investor or the investor's representative requests the distributions to be credited to an Australian bank account.

You may change your choice for distribution payments by completing a Change of Details Form located on our website. To ensure that the change to your distribution payments is effective for an upcoming distribution period, you should submit a Change of Details Form to Vanguard at least 5 business days before the end of that distribution period.

 *You should read the important information about applications, withdrawals (including BPAY and transfers) and unit pricing in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to sections "Applications", "Withdrawals" and "Unit pricing" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to applications, withdrawals and unit pricing in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

## Indirect investors

You may invest in the Fund offered in this PDS through a master trust, wrap account, a nominee or a custody service, or investor directed portfolio service (IDPS). If you invest in this manner you are an indirect investor in the Fund and certain information in this PDS may not be relevant to you such as: applications and withdrawals, income distributions, investor communication, fees and costs, how to apply, cooling off and complaints. You should consult the offer document or client agreement of the IDPS.

## New Zealand investors

New Zealand investors are offered units in the Fund on the basis of this PDS and may apply for units by submitting a Vanguard Wholesale Funds Application Form. There is some important information that New Zealand investors should consider before applying for units.

 *You should read the important information about New Zealand investors in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "New Zealand investors" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to New Zealand investors in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

### 3. Benefits of investing in the Fund

The benefits of Vanguard's investment approach include:

- **Competitive long-term performance** - Vanguard's investment approach provides investors with an efficient way to capture long-term market performance. Historically the returns of index funds have been competitive with the returns of active funds over the long term. However, past performance is not a reliable indicator of future performance.
- **Diversification** - The Fund provides exposure to a diversified portfolio of securities, which means the Fund is less exposed to the performance fluctuations of individual securities. This moderates the volatility of the portfolio and 'smooths out' investment returns over time. The Fund provides exposure to a wide selection of available securities in the relevant index, generally holding significantly more securities than most active funds with the same benchmark. From time to time, however, the number of securities in a given index may reduce due to factors such as index rebalancing.
- **Tax efficiency** - Vanguard's buy and hold strategy means that securities are generally held within a portfolio over a long period of time. If certain securities are held for more than 12 months, any capital gain (if applicable) on the disposal of those securities may be reduced under the capital gains tax discount rules - a tax efficient outcome for eligible investors.
- **Low cost investing** - The Fund has low ongoing fees as we strive to minimise the costs of managing and operating the Fund. The Fund typically has low portfolio turnover resulting in low trading costs such as brokerage and other transaction costs.

The benefits of investing with Vanguard include:

- **Stability and experience** - The Vanguard Group, Inc. established the world's first index mutual fund for individual investors in 1976 and has been a leader in low cost index investing ever since. In Australia, Vanguard leverages the scale, experience and resources of our established global business. Investing in the Fund allows you to access the knowledge and skill of Vanguard as a specialist investment manager.
- **Client focus** - The Vanguard Group, Inc. was founded on a simple but revolutionary idea - that an investment company should manage the funds it offers in the sole interest of its clients. From rigorous risk management to transparent pricing to plain talk communications, we put our clients' interest first.
- **Low costs** - Investors can't control the markets, but they can control the costs of investing. Providing low cost investments isn't a pricing strategy for us. It's how we do business. Vanguard's scale also helps to keep costs low.

### 4. Risks of managed investment schemes

All investments have some level of risk. It is important to keep in mind one of the principles of investing: the higher the potential reward, the higher the risk of losing money. The reverse is also generally true: the lower the risk, the lower the potential reward. Different investment strategies carry different levels of risk, depending on the assets that make up the investment strategy.

It is important to understand that the value of the investments may go up and down, investment returns are not guaranteed and investors may lose some of their money. The level of returns may vary and future returns may differ from past returns. The appropriate level of risk for each person depends on a range of factors, including age, investment time frame, where other parts of the investor's wealth is invested and the investor's risk tolerance.

#### Significant risks of investing in the Fund

There is no guarantee that the value of your initial investment will be maintained. In other words, the value of your investment may rise or fall. Significant investment risks include:

- **Market risk** - Market risk is the possibility that market returns will overall decline. Financial markets tend to move in cycles, with periods of rising prices and periods of falling prices. It is important to note that the value of your investment can be directly or indirectly impacted and that you may not get back what you invested in the Fund.
- **Security specific risk** - The prices of securities the Fund invests in, either directly or indirectly (through a holding in another investment vehicle) can rise or fall independently of changes in the broad market. The Fund is generally well protected from security specific risk through diversifying its exposure across a wide selection of available securities in the index.
- **Currency risk** - There is the chance that the value of a foreign investment, measured in Australian dollars, will decrease because of unfavourable changes in currency exchange rates. The fund mitigates currency risk by utilising forward foreign exchange contracts to hedge its currency exposure. Forward foreign exchange contracts are subject to derivative risk – please refer to 'Derivative risk' for further information.
- **Derivative risk** - A derivative is a contract or financial product that derives its price from one or more underlying assets, reference rates or indexes. Derivatives are generally used as an instrument to gain market exposure or to hedge risk; however they also create exposure to additional risks. These additional risks include the possibility that the value of the derivative may fail to move in line with the underlying asset, the potential lack of liquidity of the derivative, or that the parties to the derivative contract may not be able to meet their obligations. Derivative contracts are not used to leverage the assets of the Fund or underlying funds.
- **Distribution risk** - Forward foreign exchange contracts are used to manage currency risk for the Fund. The return of the Fund is thus relatively unaffected by currency fluctuations. However, currency hedging involves costs and implementation risks due to the volatility of currency and securities markets, and may impact distributions from the Fund. When the Australian dollar is appreciating relative to other currencies, the gains from currency hedging may result in significant additional income being

distributed by the Fund. Conversely, when the Australian dollar is depreciating relative to other currencies, the losses from currency hedging can totally offset other income received by the Fund, resulting in no income distribution for the period.

- **Counterparty risk** - The risk that the Fund may incur a loss due to the failure of a counterparty to meet their obligations under a contract. The Fund's counterparties may include brokers, clearing houses and other agents.
- **Regulatory risk** - There is a risk that the Fund may be adversely impacted by a change in laws and regulations governing a security, sector or financial market, including in relation to tax. Regulatory risk may be higher when investing internationally due to the nature and actions of particular legal systems and/or regimes in effect.
- **Fund risk** - Managed funds, in simple terms, pool the money of many individual investors. Therefore, investing in a managed fund may give rise to different outcomes as compared to investing in the underlying securities directly. As an investor in the Fund, your investment returns may be impacted by the applications and withdrawals of other investors, the fees and costs imposed by the fund manager and different tax outcomes related to the tax laws applicable to the Fund. In addition, there is a risk that Vanguard could be replaced as the responsible entity and/or investment manager for the Fund, or the Fund could terminate.
- **Manager risk** - The Fund may fail to meet its investment objective due to Vanguard's (including where relevant, any related entities') investment selection or implementation processes which may cause the Fund to underperform its benchmark or other funds with a similar investment strategy.
- **Operational risk** - There is a risk that Vanguard, or another service provider, will fail to adequately administer or report accurately in relation to the Fund or your investment in the Fund. There is also a risk that circumstances beyond Vanguard's control may prevent it from managing the Fund in accordance with its investment strategy. Such occurrences may include strikes, industrial disputes, fires, war, civil disturbance, terrorist acts, state emergencies and epidemics in Australia or in the countries where the underlying securities are held.

## 5. How we invest your money

**Warning:** When it comes to choosing to invest in the Fund, you should consider the likely investment return, the risk and your investment timeframe.


### Investment strategy and investment return objective

The Fund seeks to track the return of the MSCI World ex-Australia (with net dividends reinvested) hedged into Australian dollars (AUD) Index before taking into account fees, expenses and tax.

The Fund meets its investment strategy by investing in the Vanguard International Shares Index Fund, forward foreign exchange contracts and futures. Vanguard may, at its discretion, commence investing directly in the securities that are, have been or are expected to be in the index. The Fund is exposed to all of the securities in the index most of the time, allowing for individual security weightings to vary marginally from the index from time to time. The Fund may be exposed to securities that have been removed from or are expected to be included in the index.

The MSCI World ex-Australia hedged into AUD Index comprises securities (shares) listed on the exchanges of the world's major developed economies.

Strategic asset allocation	International shares (hedged to AUD) 100%
Minimum suggested investment timeframe	Seven years.
Summary risk level	High – the potential for higher returns than lower risk investments, however there is the higher potential for below-average returns and/or some loss of capital.
Who it may suit	Investors seeking exposure to a diversified portfolio of international shares that is relatively unaffected by currency fluctuations.

 You should read the important information about how we invest your money (including in relation to the use of derivatives and cash management of the Fund) in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "How Vanguard invests" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to how we invest your money in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.

### Environmental, social, and ethical considerations

Vanguard does not take into account labour standards, environment, social or ethical considerations when selecting, retaining or realising investments in the Fund to track the performance of the benchmark index.

### Changing the investment strategy

Vanguard may from time to time vary the investment strategy of the Fund, including by changing the target benchmark or strategic asset allocation for the Fund. Vanguard will notify investors of any such changes.



## 6. Fees and costs

**Did you know?** Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features, such as superior investment performance or the provision of better member services, justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

**To find out more:** If you would like to find out more, or see the impact of the fees and costs based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you compare different fee options.

### Fees and costs of the Fund

The following table shows the fees and costs you may be charged for investing in the Fund. This information can be used to compare costs between different simple managed investment schemes. These fees and costs may be deducted from your account balance, from the returns on your investment or from the Fund assets as a whole.

Type of fee or cost	Amount
Fees when your money moves in or out of the Fund	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
Management costs	
The fees and costs for managing your investment	0.21% p.a.*

\*The amount of this fee can be negotiated.

Buy/sell spread costs apply to the Fund. As at the date of this PDS, a buy spread cost of 0.12% is charged on each contribution and a sell spread cost of 0.12% is charged on each withdrawal, and is reflected in the buy price and sell price respectively for units in the Fund.

Vanguard may vary the buy/sell spread costs from time to time, including increasing these costs without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on our website.

The management costs for the Fund incorporate Goods and Services Tax (GST) after taking into account any expected input tax credits. The management costs for the Fund also incorporate management costs for any underlying funds. Vanguard may change fees or introduce fees without your consent if permitted by the constitution for the Fund. At least 30 days prior notice will be given to unitholders before any fee increase or the introduction of a new fee takes effect.

### Example of annual fees and costs

The following table provides an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this Fund with other simple managed investment schemes.

#### Example

Vanguard International Shares Index Fund (Hedged) – AUD Class		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.21% p.a.	And, for every \$500,000 you have in the Fund you will be charged \$1,050 each year.
EQUALS cost of fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of \$1,050 <sup>AB</sup> . What it costs you will depend on the fees you negotiate with Vanguard.

<sup>A</sup> Assumes that the \$5,000 contribution occurs on the last day of the year and that there is a constant account balance of \$500,000 throughout the year.

<sup>B</sup> A buy spread cost of 0.12% would also apply. For every \$5,000 you put in, you will be charged \$6.00.

If you consult a financial adviser, you may have to pay additional fees to the adviser. Please refer to your Statement of Advice for details of these fees (if any).

Vanguard has a managed funds fee calculator on our website that can be used to calculate the impact of fees and costs on your account balance. The Australian Securities & Investments Commission (ASIC) also has a managed funds fee calculator on their website at [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that can be used to calculate the impact of fees and costs on your account balance.

**!** You should read the important information about fees and costs in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "Fees and costs" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to fees and costs in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.

## 7. How managed investment schemes are taxed

**Warning:** Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

Taxation is complex and each investor's circumstances are different. This is only a brief summary of the taxation information relating to Australian tax residents who hold their Fund units on capital account for income tax purposes:

- Registered managed investment schemes generally do not pay tax on behalf of investors.
- Investors will be assessed for tax on their share of the net taxable income of the Fund (both income and capital gains generated by the Fund) in the year to which their entitlement relates, irrespective of whether the income is reinvested in additional units or the income payment occurs at a later date.
- Investors may be liable for tax on capital gains realised on the sale of units in the Fund, either by withdrawal or transfer.

**ⓘ** *You should read the important information about taxation in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "Taxation" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to taxation in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

## 8. How to apply

To invest in the Fund:

1. Read this Product Disclosure Statement.
2. Read the important information referenced in the Vanguard Wholesale Funds Reference Guide.
3. Complete the applicable Vanguard Wholesale Funds Application Form. We need to collect this information in order to process your application, including to comply with Anti-Money Laundering and Counter-Terrorism Financing legislation.
4. Read and sign the declaration in the Application Form.
5. Attach your supporting identification and documents, including any power of attorney authorisations.
6. Lodge your Application Form together with your supporting identification and documents. We recommend that you keep copies for future reference.

Your original Application Form, supporting identification and documents, and cheque must be posted to or lodged directly at the Vanguard office. Please note that faxed or email copies will not be processed.

Payment methods other than cheque are available. Please contact Client Services on 1300 655 102 for further details.

Vanguard may, in its absolute discretion, accept or refuse to accept, in whole or in part, any application or subscription for units. Vanguard need not give any reason for refusal. If for any reason Vanguard refuses or is unable to process your application to invest in the Fund, Vanguard will, subject to any legal and regulatory requirements, return your application money to you. You will not be entitled to interest on your application money in this circumstance. Vanguard is unable to process your application until all required information and/or supporting documentation is received.

### Cooling off

If you invest \$500,000 or more in the Fund, you will generally be considered a wholesale investor. Wholesale investors, as defined in the *Corporations Act 2001 (Cth)*, do not have cooling off rights in relation to making an investment in the Fund.

However, if we exercise our discretion to accept an investment of less than \$500,000 in the Fund, you may have the same cooling off rights as a retail investor. Retail investors have the right to a 14 day cooling off period during which time you may request in writing that Vanguard repay your investment. The 14 day period commences either from the time the investment is confirmed by Vanguard or 5 business days after the units are issued, whichever is the earlier. The amount repaid to you under the cooling off provisions may be less than the amount you invested. The amount repaid will be based on the sell price applicable for the day the request is received, and may be reduced by tax or duty paid or payable by you in relation to the acquisition and termination of the investment.

### Complaints

If you have a complaint about a fund or the services provided to you by Vanguard, please contact Client Services on 1300 655 102 from 8:00am to 6:00pm Melbourne time, Monday to Friday.

If your complaint is not resolved to your satisfaction, you can refer the matter in writing to:

Client Services Manager, Vanguard Investments Australia Ltd, GPO Box 3006, Melbourne, Vic, 3001.

Vanguard will try to resolve the complaint and get back to you as soon as possible, but in any event, we will provide a final response within 45 days of receipt. In the event that you are not satisfied with the outcome of your complaint, you have the right to refer the matter to an external dispute resolution process - the Financial Ombudsman Service (FOS). You can contact FOS on 1800 367 287.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand. Should you wish to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand.



## 9. Other Information

### Investor communication

You can obtain up-to-date information about the Fund by visiting the Vanguard website. As an investor in the Fund, we'll keep you updated with any material information regarding your investment. For information that is sent directly to you, email is Vanguard's preferred means of sending you this information. Please ensure that you provide us with your email address on the Application Form.

Where the Fund is a disclosing entity, we will meet our continuous disclosure obligations by disclosing new material information on the Vanguard website in accordance with ASIC's good practice guidance. Copies of documents lodged with ASIC in relation to the Fund may be obtained from or inspected at an ASIC office. Vanguard can also provide you with a copy (free of charge) of the Annual Financial Report most recently lodged with ASIC, any half-yearly Fund financial reports lodged with ASIC and any continuous disclosure notices given for the Fund after the lodgement of an annual report.

 *You should read the important information about investor communication in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "Investor communication" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to investor communication in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

### Privacy policy

Vanguard is committed to respecting the privacy of your personal information.

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. Vanguard's privacy policy states how Vanguard manages personal information. Vanguard collects personal information in the Application Form, and may collect additional personal information in the course of managing your investment in order to provide this product to you and to establish and manage your investment in the Fund. Vanguard may obtain information about the investor or any beneficial owners from third parties if it is believed this is necessary to comply with relevant laws. Vanguard may be required by law to disclose personal information to relevant regulators (whether in or outside of Australia).

If you do not provide the information requested in the Application Form, Vanguard may not be able to process or accept your application.

To obtain a copy of our privacy policy or to access or update your personal information, visit our website or contact Client Services on 1300 655 102 or write to GPO Box 3006, Melbourne, Vic, 3001.

### Consent to statements in this PDS

MSCI has given its written consent to the disclaimer in the form and context in which it is included below, and has not withdrawn its consent as at the date of this PDS.



### MSCI disclaimer

This Fund is not sponsored, endorsed, sold or promoted by MSCI inc. ("MSCI"), any of its affiliates, any of its direct or indirect information providers or any other third party involved in, or related to, compiling, computing or creating any MSCI index (collectively, the "MSCI parties"). The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names are service mark(s) of MSCI or its affiliates and have been licensed for use for certain purposes by Vanguard. None of the MSCI parties makes any representation or warranty, express or implied, to the owners of this Fund or any member of the public regarding the advisability of investing in funds generally or in this Fund particularly or the ability of any MSCI index to track corresponding stock market performance. MSCI or its affiliates are the licensors of certain trademarks, service marks and trade names and of the MSCI indexes which are determined, composed and calculated by MSCI without regard to this Fund or the issuer or owner of this Fund. None of the MSCI parties has any obligation to take the needs of the issuers or owners of this Fund into consideration in determining, composing or calculating the MSCI indexes. None of the MSCI parties is responsible for or has participated in the determination of the timing of, prices at, or quantities of this Fund to be issued or in the determination or calculation of the consideration into which this Fund is redeemable. None of the MSCI parties has any obligation or liability to the owners of this Fund in connection with the administration, marketing or offering of this Fund.

Although MSCI shall obtain information for inclusion in or for use in the calculation of the MSCI indexes from sources which MSCI considers reliable, none of the MSCI parties warrants or guarantees the originality, accuracy and/or the completeness of any MSCI index or any data included therein. None of the MSCI parties makes any warranty, express or implied, as to results to be obtained by licensee, licensee's customers or counterparties, issuers of the funds, owners of the funds, or any other person or entity, from the use of any MSCI index or any data included therein in connection with the rights licensed hereunder or for any other use. None of the MSCI parties shall have any liability for any errors, omissions or interruptions of or in connection with any MSCI index or any data included therein. Further, none of the MSCI parties makes any express or implied warranties of any kind, and the MSCI parties hereby expressly disclaim all warranties of merchantability or fitness for a particular purpose, with respect to any MSCI index and any data included therein. Without limiting any of the foregoing, in no event shall any of the MSCI parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including without limitation lost profits) even if notified of the possibility of such damages.

**Connect with Vanguard™** > [vanguard.com.au](http://vanguard.com.au) > 1300 655 102

# Dimensional Global Large Company Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0105AU

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Global Large Company Trust ARSN 092 663 100 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

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## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838

## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

### Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

### Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.

### Frequency of distributions and how they are calculated

The Trust may earn income, such as dividends, interest on investments and trust distributions, and realised gains or losses on the sale of investments. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a half-yearly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. Realised net capital gains in respect of a financial year will usually only be distributed at the end of the financial year. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to provide long-term capital growth by gaining exposure to a diversified portfolio of large companies associated with approved developed markets, excluding Australia (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide continuous exposure to a professionally managed portfolio of large companies associated with approved developed markets (excluding Australia).
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.
- For the taxable investor, Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Currency risk

The value of investments denominated in a currency other than Australian dollars is affected by changes in the Australian dollar in relation to the value of the foreign currency in which the investment is denominated. When the value of the Australian dollar falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the Australian dollar rises, the value of foreign investments falls. Foreign currency exposure is unhedged.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Strategy risk**

The Trust's investment strategy, as described in section 5 of this PDS, may mean that the Trust performs differently from the market as a whole. The Trust may at times underperform equities funds that use other investment strategies.

### **Trust risk**

Results from investing in the Trust, including tax outcomes, may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits, income, and net capital gains distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>The investment objective of the Trust is to provide long-term capital growth by gaining exposure to a diversified portfolio of large companies associated with approved developed markets (excluding Australia).</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a broad measure of market performance, reference may be made to the MSCI World ex Australia Index.</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>International shares 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking exposure to a diversified portfolio of large companies listed on global developed markets (excluding Australia) with the potential for long-term capital growth. Investors in this Trust will be exposed to share market volatility.</p> <p>Dimensional's equity portfolios are based on dimensions of expected returns that have been identified by academic research:</p> <ol style="list-style-type: none"> <li>1. The overall market – stocks have higher expected returns than bonds.</li> <li>2. Company size – small company stocks have higher expected returns than large company stocks.</li> <li>3. Relative price – low relative price or 'value' stocks have higher expected returns than high relative price stocks.</li> <li>4. Profitability – stocks with higher profitability have higher expected returns than stocks with lower profitability.</li> </ol> <p>Ordinarily, the Trust will invest in a diversified portfolio of large companies associated with approved developed markets (excluding Australia). Dimensional generally defines large companies as those falling into the largest 85-90% of securities by market capitalisation in each eligible country (or region in the case of Europe).</p> <p>Within the Trust's eligible universe, the portfolio emphasises investment in securities with a higher expected return considering the dimensions described above. In addition, Dimensional may also take into account other factors when determining a security's weight in the portfolio.</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Members of the Dimensional Group generally will undertake the day-to-day trading of the securities, and on occasion may also make investment decisions, in their respective geographic regions under delegated authority from Dimensional.</p>
<b>Minimum suggested timeframe</b>	5+ years
<b>Summary risk level</b>	<p>High</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively high compared to funds investing in lower-risk assets such as fixed interest assets or cash.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management, implementation of the Trust's strategy, and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.35% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is +0.10% on entry and -0.10% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not



ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Global Large Company Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.35% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$3,500 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$3,500 <sup>2</sup> . <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).

# Dimensional Global Value Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0102AU

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838

## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

## Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.

### Frequency of distributions and how they are calculated

The Trust may earn income, such as dividends, interest on investments and trust distributions, and realised gains or losses on the sale of investments. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a half-yearly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. Realised net capital gains in respect of a financial year will usually only be distributed at the end of the financial year. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to provide long-term capital growth by gaining exposure to a diversified portfolio of large Value Companies associated with approved developed markets, excluding Australia (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide continuous exposure to a professionally managed portfolio of large Value Companies associated with approved developed markets (excluding Australia).
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.
- For the taxable investor, Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Currency risk

The value of investments denominated in a currency other than Australian dollars is affected by changes in the Australian dollar in relation to the value of the foreign currency in which the investment is denominated. When the value of the Australian dollar falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the Australian dollar rises, the value of foreign investments falls. Foreign currency exposure is unhedged.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Strategy risk**

The Trust's investment strategy, as described in section 5 of this PDS, may mean that the Trust performs differently from the market as a whole. The Trust may at times underperform equities funds that use other investment strategies.

### **Trust risk**

Results from investing in the Trust, including tax outcomes, may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits, income, and net capital gains distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>The investment objective of the Trust is to provide long-term capital growth by gaining exposure to a diversified portfolio of large Value Companies associated with approved developed markets (excluding Australia) .</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a broad measure of market performance, reference may be made to the MSCI World ex Australia Index.</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>International shares 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking exposure to a diversified portfolio of large Value Companies listed on global developed markets (excluding Australia) with the potential for long-term capital growth. Investors in this Trust will be exposed to share market volatility.</p> <p>Dimensional's equity portfolios are based on dimensions of expected returns that have been identified by academic research:</p> <ol style="list-style-type: none"> <li>1. The overall market – stocks have higher expected returns than bonds.</li> <li>2. Company size – small company stocks have higher expected returns than large company stocks.</li> <li>3. Relative price – low relative price or 'value' stocks have higher expected returns than high relative price stocks.</li> <li>4. Profitability – stocks with higher profitability have higher expected returns than stocks with lower profitability.</li> </ol> <p>Ordinarily, the Trust will invest in a diversified portfolio of large, low relative price or 'Value' Companies associated with approved developed markets (excluding Australia). Dimensional generally defines large companies as those falling into the largest 85-90% of securities by market capitalisation in each eligible country (or region in the case of Europe). Within the Trust's eligible universe of large, low relative price companies, the portfolio emphasises investment in securities with a higher expected return considering the dimensions described above. In addition, Dimensional may also take into account other factors when determining a security's weight in the portfolio.</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Members of the Dimensional Group generally will undertake the day-to-day trading of the securities, and on occasion may also make investment decisions, in their respective geographic regions under delegated authority from Dimensional.</p>
<b>Minimum suggested time frame</b>	5+ years
<b>Summary risk level</b>	<p>High</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively high compared to funds investing in lower-risk assets such as fixed interest assets or cash.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management, implementation of the Trust's strategy, and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.



## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	<b>0.46%</b> per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is +0.10% on entry and -0.10% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not

ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Global Value Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.46% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$4,600 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$4,600 <sup>2</sup> .  <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).

# Dimensional Global Small Company Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0106AU

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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| 3. Benefits of investing in the Trust  | 7. How managed investment schemes are taxed |
| 4. Risks of managed investment schemes | 8. How to apply                             |

## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Global Small Company Trust ARSN 092 662 952 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

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## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838

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Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. Information about Liquidity Risk is found in section 4 of this PDS.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.

### Frequency of distributions and how they are calculated

The Trust may earn income, such as dividends, interest on investments and trust distributions, and realised gains or losses on the sale of investments. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a half-yearly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. Realised net capital gains in respect of a financial year will usually only be distributed at the end of the financial year. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to provide long-term capital growth by gaining exposure to a diversified portfolio of small companies associated with approved developed markets, excluding Australia (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide continuous exposure to a professionally managed portfolio of small companies associated with approved developed markets (excluding Australia).
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.
- For the taxable investor, Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Liquidity risk

Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, Dimensional may not be able to sell securities to pay withdrawal requests by you. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

### **Currency risk**

The value of investments denominated in a currency other than Australian dollars is affected by changes in the Australian dollar in relation to the value of the foreign currency in which the investment is denominated. When the value of the Australian dollar falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the Australian dollar rises, the value of foreign investments falls. Foreign currency exposure is unhedged.

### **Small company risk**

Small stocks may perform differently from the market as a whole, and following a small-oriented investment strategy may cause the Trust to at times underperform equity funds that use other investment strategies. Securities of small companies are often less liquid than securities of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Trust risk**

Results from investing in the Trust, including tax outcomes, may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits, income, and net capital gains distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**



## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>To provide long-term capital growth by gaining exposure to a diversified portfolio of small companies associated with approved developed markets (excluding Australia).</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a broad measure of market performance, reference may be made to the MSCI World ex Australia Small Cap Index.</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>International shares 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking exposure to a diversified portfolio of small companies listed in global developed markets (excluding Australia) with the potential for long-term capital growth. Investors in this Trust will be exposed to share market volatility.</p> <p>Dimensional's equity portfolios are based on dimensions of expected returns that have been identified by academic research:</p> <ol style="list-style-type: none"> <li>1. The overall market – stocks have higher expected returns than bonds.</li> <li>2. Company size – small company stocks have higher expected returns than large company stocks.</li> <li>3. Relative price – low relative price or 'value' stocks have higher expected returns than high relative price stocks.</li> <li>4. Profitability – stocks with higher profitability have higher expected returns than stocks with lower profitability.</li> </ol> <p>Ordinarily, the Trust will invest in a diversified portfolio of small companies associated with approved developed markets (excluding Australia). Dimensional generally defines small companies as those falling into the smallest 10-15% of securities by market capitalisation of each eligible country (or region in the case of Europe). Within the Trust's eligible universe of small company stocks, the portfolio emphasises investment in securities with a higher expected return considering the dimensions described above. In addition, Dimensional may also take into account other factors when determining a security's weight in the portfolio.</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Members of the Dimensional Group generally will undertake the day-to-day trading of the securities, and on occasion may also make investment decisions, in their respective geographic regions under delegated authority from Dimensional.</p>
<b>Minimum suggested timeframe</b>	7+ years
<b>Summary risk level</b>	<p>Very high</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively high compared to funds investing in lower-risk assets such as fixed interest assets or cash.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management, implementation of the Trust's strategy, and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.645% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is +0.15% on entry and -0.15% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not

ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Global Small Company Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.645% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$6,450 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$6,450 <sup>2</sup> .  <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).

# Dimensional Emerging Markets Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0107AU

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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| 3. Benefits of investing in the Trust  | 7. How managed investment schemes are taxed |
| 4. Risks of managed investment schemes | 8. How to apply                             |

## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Emerging Markets Trust ARSN 092 662 818 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

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## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838

## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

## Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. Information about Liquidity Risk is found in section 4 of this PDS.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.

### Frequency of distributions and how they are calculated

The Trust may earn income, such as dividends, interest on investments and trust distributions, and realised gains or losses on the sale of investments. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a half-yearly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. Realised net capital gains in respect of a financial year will usually only be distributed at the end of the financial year. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to provide long-term capital growth by gaining exposure to a diversified portfolio of Value Companies associated with approved emerging markets (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide continuous exposure to a professionally managed portfolio of Value Companies associated with approved emerging markets.
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.
- For the taxable investor, Dimensional seeks to maximise after-tax returns. It does this by managing the Trust in a way that aims to defer the realisation of net capital gains where possible and to manage dividend income.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Liquidity risk

Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, Dimensional may not be able to sell securities to pay withdrawal requests by you. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.



### **Currency risk**

The value of investments denominated in a currency other than Australian dollars is affected by changes in the Australian dollar in relation to the value of the foreign currency in which the investment is denominated. When the value of the Australian dollar falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the Australian dollar rises, the value of foreign investments falls. Foreign currency exposure is unhedged.

### **Emerging markets risk**

The Trust exposes investors to additional risks beyond risks associated with investing in developed international markets. These additional risks include significantly greater price volatility than developed markets, less liquidity, more government intervention in the economy, greater political uncertainty (including less certain tax policies) and less government supervision and regulation of securities markets and participants in those markets. Stock markets in many emerging market countries are relatively small, expensive to trade in and risky. Foreigners are often limited in their ability to invest in, and withdraw assets from, these markets.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Strategy risk**

The Trust's investment strategy, as described in section 5 of this PDS, may mean that the Trust performs differently from the market as a whole. The Trust may at times underperform equities funds that use other investment strategies.

### **Trust risk**

Results from investing in the Trust, including tax outcomes may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits, income, and net capital gains distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>The investment objective of the Trust is to provide long-term capital growth by gaining exposure to a diversified portfolio of Value Companies associated with approved emerging markets.</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a broad measure of market performance, reference may be made to the MSCI Emerging Markets Index. Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>Emerging markets shares      100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking exposure to a diversified portfolio of Value Companies listed on approved emerging markets with the potential for long-term capital growth. Investors in this Trust will be exposed to share market volatility.</p> <p>Dimensional's equity portfolios are based on dimensions of expected returns that have been identified by academic research:</p> <ol style="list-style-type: none"> <li>1. The overall market – stocks have higher expected returns than bonds.</li> <li>2. Company size – small company stocks have higher expected returns than large company stocks.</li> <li>3. Relative price – low relative price or 'value' stocks have higher expected returns than high relative price stocks.</li> <li>4. Profitability – stocks with higher profitability have higher expected returns than stocks with lower profitability.</li> </ol> <p>Ordinarily, the Trust will invest in a diversified portfolio of Value Companies associated with approved emerging markets.</p> <p>Dimensional will determine at its discretion which emerging market countries are authorised for investment, and whether and when to invest in those authorised countries, depending on a number of factors. Please refer to Dimensional's website at <a href="http://www.dimensional.com.au">www.dimensional.com.au</a> for the latest list of approved emerging markets.</p> <p>Within the Trust's eligible universe of low relative price companies, the portfolio emphasises investment in securities with a higher expected return considering the dimensions described above. In addition, Dimensional may also take into account other factors when determining a security's weight in the portfolio.</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Members of the Dimensional Group generally will undertake the day-to-day trading of the securities, and on occasion may also make investment decisions, in their respective geographic regions under delegated authority from Dimensional.</p>
<b>Minimum suggested timeframe</b>	7+ years
<b>Summary risk level</b>	<p>Very high</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively high compared to funds investing in lower-risk assets such as fixed interest assets or cash.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management, implementation of the Trust's strategy, and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.71% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is +0.25% on entry and -0.25% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not

ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Emerging Markets Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.71% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$7,100 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$7,100 <sup>2</sup> .  <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).



# Vanguard® International Property Securities Index Fund (Hedged) Product Disclosure Statement

28 March 2013

This Product Disclosure Statement (PDS) is issued by Vanguard Investments Australia Ltd ABN 72 072 881 086 AFSL 227 263 (Vanguard, we, us or our), the responsible entity of the Vanguard International Property Securities Index Fund (Hedged) ARSN 115 001 360 ABN 52 511 318 838 APIR® Code VAN0019AU (Fund).

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8. How to apply
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This PDS is a summary of significant information you need to make a decision about the Fund. It includes references to other important information that is taken to form part of this PDS. These references begin with an exclamation mark **!** and are in *italics*. You should also consider this other important information before making your decision.

The information provided in this PDS is general only and does not take into account your personal financial situation or needs. You should therefore consider obtaining financial advice that is tailored to your personal circumstances from a licensed financial adviser.

Information in this PDS is current as at its issue date and may change from time to time. Where the changes are not materially adverse to investors, the information may be updated on the Vanguard website at **[www.vanguard.com.au](http://www.vanguard.com.au)**. A paper copy of any updated information is available free of charge on request.

All dollar amounts are in Australian dollars unless otherwise indicated. This PDS does not constitute an offer or invitation in any jurisdiction other than in Australia. Applications from outside Australia will not be accepted through this PDS. For the avoidance of doubt, units in the Fund are not intended to be sold to US Persons as defined under Regulation S of the US federal securities laws.

None of The Vanguard Group, Inc. (including Vanguard Investments Australia Ltd) or any of their related entities, directors or officers guarantee the repayment of capital or the performance of the Fund. The Vanguard Group, Inc. (including its related entities and associates) may invest in, lend to or provide other services to the Fund.

If you would like to request a printed copy of this PDS or any of the other important information that forms part of this PDS, please contact us on **1300 655 102**.

### Registered office

Level 34, Freshwater Place  
2 Southbank Boulevard  
Southbank Victoria 3006

### Postal address

GPO Box 3006  
Melbourne Victoria 3001

**Telephone** 1300 655 102

**Facsimile** 1300 765 712

**Email** [clientservices@vanguard.com.au](mailto:clientservices@vanguard.com.au)

**Website** [www.vanguard.com.au](http://www.vanguard.com.au)

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## 1. About Vanguard

Vanguard Investments Australia Ltd is a wholly owned subsidiary of The Vanguard Group, Inc., which is based in the United States and, as at 31 December 2012, managed almost A\$2.1 trillion for over 25 million institutional and personal investor accounts.

Over the past 37 years, The Vanguard Group, Inc. has grown to be one of the world's largest and most respected investment management companies. The Vanguard Group, Inc. now has a global presence with offices in the United States, Australia, Asia and Europe.

In Australia, Vanguard has been helping investors meet their long-term financial goals with low cost indexing solutions for more than 15 years.

Offering a range of low cost index funds, diversified funds, and exchange traded funds covering major asset sectors, investors can benefit from Vanguard's high quality, low cost investment solutions.

Vanguard is the responsible entity of the Fund. As responsible entity, Vanguard is solely responsible for the management and administration of the Fund. Vanguard is also the investment manager for the Fund. Vanguard has appointed JP Morgan Chase Bank, National Association (ABN 43 074 112 011) to act as an independent custodian and hold the assets of the Fund.

## 2. How the Fund works

The Fund is a registered managed investment scheme. When you contribute money to a registered managed investment scheme, your money is pooled together with other people's money. Vanguard invests that money and manages the assets of the Fund on behalf of all scheme members. The Australian Securities & Investments Commission (ASIC) has a website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that has more information about managed investment schemes.

The Fund is divided into units. As an investor, you acquire units in the Fund. A unit represents a beneficial interest in the assets of the Fund as a whole (but not to any particular asset). Under the Fund's constitution, Vanguard is permitted to establish different classes of units. This PDS relates to the wholesale class of units.

### Unit prices

The value of a unit is determined by dividing the net asset value for that class of units (total assets for the class less total liabilities for the class) by the number of units on issue for that class. Units are usually valued daily, except on public holidays or if the market or Fund is closed for a particular reason. The value of units will change from time to time as the market value of the assets for a class of units rises or falls. The price you pay when contributing to the Fund (buying units) or receive when withdrawing from the Fund (selling units) is calculated as follows:

Buy price = net asset value per unit plus the buy spread cost

Sell price = net asset value per unit minus the sell spread cost

The buy/sell spread cost for the Fund is Vanguard's reasonable estimate of the transaction costs that the Fund may incur to buy and sell assets when investing contributions and funding withdrawals. The buy/sell spread costs are paid to the Fund to meet these expenses and are not received by Vanguard.

For information on unit prices visit [www.vanguard.com.au](http://www.vanguard.com.au) or contact Client Services on 1300 655 102.

### Applications and withdrawals

Subject to the minimum requirements in the table below and other applicable terms and conditions, you can increase your investment at any time by buying more units and decrease your investment by withdrawing or transferring some of your units.

Initial investment	\$500,000
Additional investment	\$5,000
Withdrawal	\$1,000
Transfer	\$500,000
Account balance	Nil

Vanguard may accept a lesser amount at its discretion. Vanguard may impose a minimum account balance in the future.

In most circumstances, Vanguard permits investments via BPAY®.

Withdrawals from the Fund are normally paid within four business days, however the constitution for the Fund allows a reasonable period, having regard to the nature of the assets or a longer period in certain circumstances. Payment of withdrawal proceeds may be delayed, including where there is a closure of a relevant market or exchange or during the first ten business days of July each year due to end of financial year activities for the Fund.



There may be some circumstances when withdrawals are suspended, such as when units cannot be accurately priced, if the Fund becomes illiquid or if Vanguard considers it to be in the best interests of investors.

Subject to certain minimum requirements, Vanguard may allow you to transfer your units in the Fund to another person in Australia.

### Income distributions


The Fund may earn income in the form of dividends and interest and hedged gains. Distributable income will be determined and distributed on a quarterly basis - 30 September, 31 December, 31 March and 30 June each year. The Fund may also realise capital gains and losses on the sale of investments. Determination and distribution of realised gains is performed on an annual basis at the end of the financial year – 30 June. Distributions will normally be paid within 10 business days. The amount of distributions will vary from period to period and there may be periods in which no distribution is made. Distributions are calculated on a per unit basis and will be paid to investors based on the number and class of units held as at the end of the distribution period. If the number of units on issue increases before the end of a distribution period, this could decrease the level of distributable income per unit that might otherwise have been payable. In some circumstances, Vanguard may allocate income as part of the withdrawal proceeds paid to you, for example where a significant withdrawal or switch is made, in order to ensure a fair and reasonable allocation among investors.

You can choose to have your distributions of income:

- reinvested in additional units; or
- paid directly to a nominated Australian bank account.

If you don't make a choice, income distributions will be automatically reinvested in additional units in the Fund. Where your distributions are reinvested, the units you receive will be issued to you without a buy spread being added. Vanguard reserves the right to reinvest any distributions following the death of the investor even if the investor or the investor's representative requests the distributions to be credited to an Australian bank account.

You may change your choice for distribution payments by notifying Vanguard in writing at least 5 business days before the end of the distribution period by completing a Change of Details form located at [www.vanguard.com.au](http://www.vanguard.com.au).

 *You should read the important information about unit pricing, applications and withdrawals (including BPAY and transfers) in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "Unit pricing, applications and withdrawals" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to unit pricing, applications and withdrawals in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

### 3. Benefits of investing in the Fund

Investing in the Fund offers you a range of benefits. You may have access to certain investments that you would not otherwise be able to access, your transaction costs may be reduced, and you also have access to the knowledge and skill of Vanguard as a specialist investment manager.

#### Investment approach

Vanguard employs an investment approach whereby a fund is designed to track the returns of a chosen index (also known as a benchmark) – an index fund. This is achieved by holding all of the securities included in the index or a representative sample of these securities.

The benefits of Vanguard's investment approach include:

- **Competitive long-term performance** - Vanguard's investment approach provides investors with an efficient way to capture long-term market performance. Historically the returns of index funds have been competitive with the returns of active funds over the long term. However, past performance is not a reliable indicator of future performance.
- **Diversification** - The Fund provides a diversified portfolio of securities, which means the Fund is less exposed to the performance fluctuations of individual securities. This moderates the volatility of the portfolio and 'smooths out' investment returns over time. The Fund invests in a wide selection of available securities in the relevant index, generally holding significantly more securities than most active funds with the same benchmark. From time to time, however, the number of securities in a given index may reduce due to factors such as index rebalancing.
- **Low cost investing** - The Fund has low ongoing fees as we strive to minimise the costs of managing and operating the Fund. The Fund typically has low portfolio turnover resulting in low trading costs such as brokerage and other transaction costs.
- **Tax efficiency** - Vanguard's buy and hold strategy means that securities are held within a portfolio for longer. If certain securities are held for more than 12 months, any capital gain (if applicable) on the disposal of those securities may be reduced under the capital gains tax discount rules – a tax efficient outcome for eligible investors.

## Investor communication

You can obtain up-to-date information about the Fund by visiting the Vanguard website at [www.vanguard.com.au](http://www.vanguard.com.au).

As an investor in the Fund, we'll keep you up to date with any material information regarding your investment. Email is Vanguard's preferred means of sending you this information. Please ensure that you provide us with your email address on the Application Form.

We will meet our continuous disclosure obligations by disclosing new material information on the Vanguard website in accordance with ASIC's good practice guidance. Copies of documents lodged with ASIC in relation to the Fund may be obtained from or inspected at an ASIC office.

Vanguard can also provide you with a copy (free of charge) of:

- the Annual Financial Report most recently lodged with ASIC;
- any half-yearly Fund financial reports lodged with ASIC; and
- any continuous disclosure notices given for the Fund after the lodgement of an annual report.

 *You should read the important information about investor communication in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "Investor communication" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to investor communication in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

## Indirect investors

You may invest in the Fund offered in this PDS through a master trust, wrap account, a nominee or a custody service, or investor directed portfolio service (IDPS).

If you invest in this manner you are an indirect investor in the Fund and certain information in this PDS may not be relevant to you such as: applications and withdrawals; income distributions; investor communication; fees and costs; how to open an account; cooling off; and complaints. You should consult the offer document or client agreement of the IDPS.

## 4. Risks of managed investment schemes

All investments have some level of risk. It is important to keep in mind one of the principles of investing: the higher the potential reward, the higher the risk of losing money. The reverse is also generally true: the lower the risk, the lower the potential reward. Different investment strategies carry different levels of risk, depending on the assets that make up the investment strategy.

It is important to understand that:

- the value of the investments may go up and down;
- investment returns are not guaranteed and investors may lose some of their money;
- the level of returns may vary and future returns may differ from past returns; and
- the appropriate level of risk for each person depends on a range of factors, including age, investment time frame, where other parts of the investor's wealth is invested, and the investor's risk tolerance.

## Significant risks of investing in the Fund

There is no guarantee that the value of your initial investment will be maintained. In other words, the value of your investment may rise or fall. Significant investment risks include:

- **Market risk** - There is the chance that security prices overall will decline.
- **Security specific risk** - There is the chance that the price of an individual security will decline. The return of the Fund is a combination of the return of the broad market and the return specific to each individual security held by the Fund. The Fund is generally well protected from security specific risk by diversifying the holdings of the Fund across the relevant market.
- **Derivative risk** - The primary risks associated with the use of derivative contracts are: the values of the derivative may fail to move in line with the underlying asset (a performance difference); the potential lack of liquidity of the derivative; the Fund may not be able to meet payment obligations for the derivative contracts as they arise; and the counterparty to the derivative contract may not meet its obligations under the contract. The risk of a performance difference is minimised by investing in derivative contracts where the behaviour is expected to resemble the key risk/return characteristics of the Fund's underlying securities. The risk that the Fund may not be able to close out a derivatives position is minimised by entering into transactions on an exchange with an active and liquid secondary market, or with counterparties that are able to provide a minimum level of liquidity for any transactions in the over-the-counter market. The Fund does not use derivative contracts for speculative purposes or to leverage the assets of the Fund.
- **Currency risk** - There is the chance that the value of a foreign investment, measured in Australian dollars, will decrease because of unfavourable changes in currency exchange rates.

- **Currency hedging** - Forward foreign exchange contracts are used to manage currency risk for the Fund. The return (income and capital appreciation) of the Fund is thus relatively unaffected by currency fluctuations. However, currency hedging involves costs and implementation risks due to the volatility of currency and securities markets, and there are side effects for the income distributions from the Fund. When the Australian dollar is appreciating relative to other currencies, the gains from currency hedging may result in significant additional income being distributed by the Fund. Conversely, when the Australian dollar is depreciating relative to other currencies, the losses from currency hedging can totally offset other income received by the Fund, resulting in no income distribution for the period.
- **Counterparty risk** - There is the chance that the Fund's trading counterparties become insolvent or cannot otherwise meet their obligations to the Fund. For example, there is the chance that profits associated with foreign exchange contracts may not be realised.
- **Regulatory risk** - The Fund may be affected by changes to legislation or government policy. These changes are monitored by Vanguard and action is taken, where appropriate, to facilitate the achievement of the Fund's investment objectives.
- **Fund risk** - Investing in a managed investment scheme carries with it the risks of that investment vehicle including: the costs of managing the Fund may not be measured by the index for the Fund (tracking error); the securities in the index for the Fund may change due to changes in the industry or the relevant sector; the fees and costs for the Fund could change; Vanguard could be replaced as the responsible entity and/or investment manager for the Fund; or the Fund could terminate. There is also a risk that investing in the Fund may give different results than investing directly yourself in the underlying securities because of the income or capital gains accrued in the Fund and the consequences of investment and withdrawal by other investors in the Fund.
- **Manager risk** - The Fund may fail to meet its investment strategy due to Vanguard's security selection or implementation processes which may cause the Fund to underperform its benchmark or other funds with a similar investment strategy.
- **Other risks** - Managed investment schemes are also subject to operational risk in that circumstances beyond Vanguard's control may prevent it from managing the Fund in accordance with its investment strategy such as strikes or industrial disputes, fires, war, civil disturbance, terrorist acts, state emergencies, and epidemics.

## 5. How we invest your money

**Warning:** When it comes to choosing to invest in the Fund, you should consider:

- the likely investment return;
- the risk; and
- your investment timeframe.

### Investment strategy and investment return objective

The Fund seeks to track the return (income and capital appreciation) of the index (as detailed below) (with net dividends reinvested) hedged into Australian dollars before taking into account fees, expenses, and tax.

**As at the date  
of this PDS until  
or after 29 April 2013**

**On or after  
30 April 2013**

<b>Index</b>	UBS Global Investors ex Australia (Australia Dollar) (Hedged) which comprises approximately 220 property securities (shares) listed on the exchanges of approximately 17 of the world's major economies.	FTSE EPRA/NAREIT developed ex Australia rental index, Australian Dollar Hedged which comprises approximately 240 property securities (shares) listed on the exchanges of approximately 20 of the world's major economies.
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The securities within the index are real estate investment trusts and companies that own real estate assets and derive a significant proportion of their revenue from rental income. The Fund meets its investment strategy by investing in the Vanguard® International Property Securities Index Fund, securities in the index and forward foreign exchange contracts.

The implementation of the change in index is expected to result in a small and temporary increase in transaction costs for the Fund due to adjustments in portfolio holdings.


### Strategic asset allocation

International property securities (hedged) 100%

### Minimum suggested investment timeframe

Five years.

Summary risk level	High - The potential for higher returns than lower risk investments, however there is the higher potential for below-average returns and/or some loss of capital.
Who it may suit	Buy and hold investors seeking long-term capital growth, some income, and with a higher tolerance for the risks associated with share market volatility.

 *You should read the important information about how we invest your money (including the use of futures and borrowing) in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section "How Vanguard invests" of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offer-documents](http://www.vanguard.com.au/offer-documents). The material relating to how we invest your money in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

## Environmental, social, and ethical considerations

Vanguard does not take into account labour standards, environment, social or ethical considerations when selecting, retaining or realising investments in the Fund.

## Changing the investment strategy

Vanguard may from time to time vary the investment strategy of the Fund, including by changing the target index for the Fund. Vanguard will notify investors of any such changes.

## 6. Fees and costs

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features, such as superior investment performance or the provision of better member services, justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

## Fees and costs of the Fund

The following table shows the fees and costs you may be charged for investing in the Fund. This information can be used to compare costs between different simple managed investment schemes. The fees and costs may be deducted from your account balance or deducted from the returns on your investment.

TYPE OF FEE OR COST	AMOUNT
<b>Fees when your money moves in or out of the Fund</b>	
<i>Establishment fee</i>	Nil
<i>Contribution fee</i>	Nil
<i>Withdrawal fee</i>	Nil
<i>Termination fee</i>	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.43% p.a. *

\* The amount of this fee can be negotiated.

Buy/sell spread costs apply to the Fund. A buy spread cost of 0.30% is charged on each contribution and a sell spread cost of 0.30% is charged on each withdrawal, and is reflected in the buy price and sell price respectively for units in the Fund. Vanguard may vary the buy/sell spread costs from time to time including increasing these costs without notice when it is necessary to protect the interests of existing investors and if permitted by law. The updated information will be disclosed on Vanguard's website [www.vanguard.com.au](http://www.vanguard.com.au).

The management costs for the Fund incorporate goods and services tax (GST) after taking into account any expected input tax credits. The management costs for the Fund also incorporate management costs for any underlying funds. Vanguard may change fees or introduce fees without your consent if permitted by the constitution for the Fund. At least 30 days prior notice will be given to unitholders before any fee increase or the introduction of a new fee takes effect.

## Example of annual fees and costs

The following table provides an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this Fund with other simple managed investment schemes.


### EXAMPLE

Vanguard International Property Securities Index Fund (Hedged)		Balance of \$500,000 with a contribution of \$5,000 during year
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
PLUS management costs	0.43% p.a.	<b>And</b> , for every \$500,000 you have in the Fund you will be charged \$2150 each year.
EQUALS cost of Fund		If you had an investment of \$500,000 at the beginning of the year and you put in \$5,000 during that year you will be charged fees of <b>\$2,150<sup>AB</sup></b> . <b>What it costs you will depend on the fees you negotiate with Vanguard.</b>

A Assumes that the \$5,000 contribution occurs on the last day of the year and that there is a constant account balance of \$500,000 throughout the year.

B A buy spread cost of 0.30% would also apply. For every \$5,000 you put in, you will be charged \$15.

Vanguard has a managed funds fee calculator on our website at [www.vanguard.com.au](http://www.vanguard.com.au) that can be used to calculate the impact of fees and costs on your account balance. The Australian Securities & Investments Commission (ASIC) also has a managed funds fee calculator on their website at [www.moneysmart.gov.au](http://www.moneysmart.gov.au) that can be used to calculate the impact of fees and costs on your account balance.


 *You should read the important information about fees and costs in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section “Fees and costs” of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to fees and costs in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

## 7. How managed investment schemes are taxed

**Warning:** Investing in a registered managed investment scheme is likely to have tax consequences. You are strongly advised to seek professional tax advice.

Taxation is complex and each investor's circumstances are different. This is only a brief summary of the taxation information relating to Australian tax residents who hold their Fund units on capital account for income tax purposes:

- Registered managed investment schemes **do not** pay tax on behalf of investors.
- Investors will be assessed for tax on their share of the net taxable income of the Fund (both income and capital gains generated by the Fund) in the year to which their entitlement relates, irrespective of whether the income is reinvested in additional units or the income payment occurs at a later date.
- Investors may be liable for tax on capital gains realised on the sale of units in the Fund, either by withdrawal or transfer.

 *You should read the important information about taxation in the Vanguard Wholesale Funds Reference Guide before making a decision. Go to section “Taxation” of the Vanguard Wholesale Funds Reference Guide located at [www.vanguard.com.au/offerdocuments](http://www.vanguard.com.au/offerdocuments). The material relating to taxation in the Vanguard Wholesale Funds Reference Guide may change between the time when you read this PDS and the day when you acquire the product.*

## 8. How to apply

To invest in the Fund:

1. Read this Product Disclosure Statement.
2. Read the important information referenced in the Vanguard Wholesale Funds Reference Guide.
3. Complete all sections of the Vanguard Wholesale Funds Application Form. We need to collect this information in order to process your application, including to comply with Anti-Money Laundering and Counter-Terrorism Financing legislation.
4. Read and sign the declaration in the Application Form.
5. Attach your supporting identification and documents, including any power of attorney authorisations.
6. Lodge your Application Form together with your supporting identification and documents. We recommend that you keep copies for future reference.

Your original Application Form, supporting identification and documents, and cheque must be posted to or lodged directly at the Vanguard office. **Please note that faxed or email copies will not be processed.**

Payment methods other than cheque are available. Please contact Client Services on 1300 655 102 for further details.

Vanguard may, in its absolute discretion, accept or refuse to accept, in whole or in part, any application or subscription for units. Vanguard need not give any reason for refusal. If for any reason Vanguard refuses or is unable to process your application to invest in the Fund, Vanguard will, subject to any legal or regulatory requirements, return your application money to you. You will not be entitled to interest on your application money in this circumstance. Vanguard is unable to process your application until required information and/or supporting documentation is received.

### Cooling off

If you invest \$500,000 or more in the Fund, you will generally be considered a wholesale investor. Wholesale investors, as defined in the *Corporations Act 2001 (Cth)*, do not have cooling off rights in relation to making an investment in the Fund.

However, if we exercise our discretion to accept an investment of less than \$500,000 in the Fund, you may have the same cooling off rights as a retail investor. Retail investors have the right to a 14 day cooling off period during which time you may request in writing that Vanguard repay your investment. The 14 day period commences either from the time the investment is confirmed by Vanguard or 5 business days after the units are issued, whichever is the earlier. The amount repaid to you under the cooling off provisions may be less than the amount you invested. The amount repaid will be based on the sell price applicable for the day the request is received, and may be reduced by tax or duty paid or payable by you in relation to the acquisition and termination of the investment.

### Complaints

If you have a complaint about the Fund or the services provided to you by Vanguard, please contact Client Services on 1300 655 102. If your complaint is not resolved to your satisfaction, you can refer the matter in writing to:

Client Services Manager, Vanguard Investments Australia Ltd, GPO Box 3006, Melbourne, Vic, 3001.

Vanguard will try to resolve the complaint and get back to you as soon as possible, but in any event we will respond to complaints within 45 days of receipt.

In the event that you are not satisfied with the outcome of your complaint, you have the right to refer the matter to an external dispute resolution process – the Financial Ombudsman Service (FOS). You can contact FOS on 1300 780 808.

## 9. Other information

### Privacy policy

Privacy laws regulate, among other matters, the way organisations collect, use, disclose, keep secure and give people access to their personal information. Vanguard is committed to respecting the privacy of your personal information. Vanguard's privacy policy states how Vanguard manages personal information. Vanguard collects personal information in the Application Form, and may collect additional personal information in the course of managing your investment in order to provide this product to you and to establish and manage your investment in the Fund.

If you do not provide the information requested in the Application Form, Vanguard will not be able to process or accept your application.

To obtain a copy of the privacy policy or to access or update your personal information, visit [www.vanguard.com.au](http://www.vanguard.com.au) or contact Client Services on 1300 655 102 or write to GPO Box 3006, Melbourne, Vic, 3001.

### FTSE disclaimer

The Vanguard International Property Securities Index Fund (Hedged) is not in any way sponsored, endorsed, sold or promoted by FTSE International Limited ("FTSE") or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE EPRA/NAREIT developed ex Australia rental index, Australian Dollar Hedged (the "Index") (upon which the Vanguard International Property Securities Index Fund (Hedged) is based), (ii) the figure at which the Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the Index for the purpose to which it is being put in connection with the Vanguard International Property Securities Index Fund (Hedged). None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the Index to Vanguard or to its clients. The Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the Index or (b) under any obligation to advise any person of any error therein.

All rights in the Index vest in FTSE. "FTSE®" is a trademark of LSEG and is used by FTSE under licence.

### Consent to inclusion of statements in this PDS

FTSE has given its written consent to all statements by it or said to be based on statements by it in the form and context in which they are included on page 8 of this PDS, and has not withdrawn its consent as at the date of this PDS.

**Connect with Vanguard™**

The indexing specialist > [vanguard.com.au](http://vanguard.com.au) > 1300 655 102





# Dimensional Five-Year Diversified Fixed Interest Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0108AU – AUD Class Units

DFA0001AU – NZD Class Units

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 15 September 2015

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## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Five-Year Diversified Fixed Interest Trust ARSN 096 155 716 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838



## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

## Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. Information about Liquidity Risk is found in section 4 of this PDS.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you sign the application form.

### Frequency of distributions and how they are calculated

The Trust may earn income, such as interest on investments, realised gains or losses on the sale of investments and profits and losses from currency hedges. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a quarterly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to maximise the return of a broadly diversified portfolio of high credit quality domestic and global fixed interest and money market securities. Ordinarily, the Trust will invest in securities with a maximum maturity of five years from the date of settlement (see section 5 of this PDS for details). Most foreign currency exposure is hedged to the Australian dollar (for the AUD class units) or the New Zealand dollar (for the NZD class units) (see section 5 of this PDS for details).

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The focus on high credit quality, short-term securities means the Trust is expected to remain highly liquid.
- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide exposure to a professionally managed portfolio of securities.
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you sign the application form.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Liquidity risk

Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, Dimensional may not be able to sell securities to pay withdrawal requests by you. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

### **Credit risk**

The market value of fixed interest securities in the Trust could fall if the issuer or any guarantor of a security is unable or unwilling to make timely principal and/or interest payments. Also, the perception of increased risk of a default could lower the value of the securities. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Bonds are subject to the risk that litigation, legislation or other political events, local and/or global business or economic conditions, or the bankruptcy of the issuer could have a significant effect on the issuer's ability to make payments of principal and/or interest. Credit quality criteria are applied at the time of purchase. The Trust may continue to hold securities that are no longer eligible for additional investment because, for example, credit quality has fallen below the criteria specified for the Trust.

### **Term risk**

Term risk refers to the risk of investing in fixed interest securities such as bonds that mature in the future. In general, the longer the time until a bond matures, the more its price may fall due to changes in interest rates, inflation, supply and demand, risk aversion and other factors.

### **Currency risk**

The value of investments denominated in a currency other than Australian dollars is affected by changes in the Australian dollar in relation to the value of the foreign currency in which the investment is denominated. When the value of the Australian dollar falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the Australian dollar rises, the value of foreign investments falls. Foreign currency exposure is hedged as set out in section 5 of this PDS.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invests. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invests.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or index. They may be used in the Trust to manage risk or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging

with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Strategy risk**

The Trust's investment strategy, as described in section 5 of this PDS, may mean that the Trust performs differently from the market as a whole. The Trust may at times underperform fixed interest funds that use other investment strategies.

### **Trust risk**

Results from investing in the Trust, including tax outcomes, may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits and income distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

If some or all of these risks materialise, the value of your investment in the Trust may go down.

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>Within the risk constraints of investing in eligible short-term, high credit quality instruments, the objective of the Trust is to maximise the return of a broadly diversified portfolio of domestic and global fixed interest and money market securities.</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a cash index, reference may be made to the Bloomberg AusBond Bank Bill Index (AUD class units) or the Bloomberg NZBond Bank Bill Index (NZD class units).</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>Fixed interest 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking a liquid, low risk, diversified portfolio that provides exposure to the returns of short-term global fixed interest securities.</p> <p>Dimensional's fixed interest portfolios are based on dimensions of expected return that have been identified by academic research.</p> <p>Relative performance in fixed interest is largely driven by two dimensions: bond maturity and credit quality. Bonds that mature further in the future are subject to higher risk of unexpected changes in interest rates. Bonds with lower credit quality are subject to higher risk of default. Extending bond maturities and reducing credit quality increases potential returns.</p> <p>Ordinarily the Trust invests in a diverse portfolio of high credit quality, domestic and global fixed interest and money market securities, with a maximum maturity of five years from the date of settlement.</p> <p>In making purchase decisions, if the anticipated term premium is greater for longer-term securities in the eligible maturity range, Dimensional will generally seek to focus investment in that longer-term area, otherwise, Dimensional will generally seek to focus investment in shorter-term securities.</p> <p>Two classes of units are offered to all investors: AUD class units that are denominated in Australian dollars and NZD class units that are denominated in New Zealand dollars. Most foreign currency exposure is hedged to the Australian dollar (for the AUD class units) or the New Zealand dollar (for the NZD class units).</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Members of the Dimensional Group generally will undertake the day-to-day trading of the securities, and on occasion may also make investment decisions, in their respective geographic regions under delegated authority from Dimensional.</p>
<b>Minimum suggested time frame</b>	3+ years
<b>Summary risk level</b>	<p>Low to medium</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively low compared to funds investing in higher-risk assets such as equities.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.

! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you sign the application form.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.28% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is nil on entry and -0.10% on exit as at the date of this PDS. Where applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.
2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not

ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Five-Year Diversified Fixed Interest Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.28% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$2,800 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$2,800 <sup>2</sup> .  <b>What it costs will depend on the fees you negotiate with your fund or financial adviser.</b>

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you sign the application form.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you sign the application form.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

## Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

## Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

## Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).



# Dimensional Two-Year Diversified Fixed Interest Trust

## PRODUCT DISCLOSURE STATEMENT

Issued by DFA Australia Limited ('Dimensional')

ABN 46 065 937 671

APIR DFA0002AU - AUD Class Units

DFA0045AU - NZD Class Units

Australian Financial Services Licence number: 238093

Date of Product Disclosure Statement: 4 November 2016

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8. How to apply

## IMPORTANT INFORMATION

This Product Disclosure Statement ('PDS') is a summary of significant information about the Dimensional Two-Year Diversified Fixed Interest Trust ARSN 116 833 222 ('Trust'). It contains references, marked with a [!], to other important information in the Additional Information Guide. The Additional Information Guide is a separate document that forms part of this PDS. These documents are available from [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx) or you can request a copy free of charge by contacting Dimensional. You should consider this information before making a decision about the Trust. The information provided in this PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

Information in this PDS is current at its issue date and may change from time to time. Information that is not materially adverse to investors may be updated by us by placing this information on our website. Updated information can be obtained by going to our website or calling us. You may request a paper copy of any updated information, free of charge. If there are any materially adverse developments, Dimensional will issue a new PDS as required by law.

All dollar amounts are in Australian dollars unless otherwise indicated. The offer of units under this PDS is only available to persons receiving this PDS (electronically or otherwise) in Australia or New Zealand. If you are a New Zealand-based investor, please ensure you read the 'Warning statement for New Zealand investors only' in the Additional Information Guide. The offer does not constitute an offer in any other country. In particular, units in the Trust are not intended to be offered or sold to US Persons as defined under Regulation S of the US federal securities laws. Neither Dimensional nor any other entity associated with Dimensional guarantees the repayment of capital from or the performance of the Trust or any specific rate of return from the Trust.

## CONTACT DETAILS

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225  
Australia

**General Enquiries:** +61 2 8336 7100

Email: [invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**Unit Registry – Investor transaction enquiries**  
Citi Unit Registry Australia  
GPO Box 764  
Melbourne VIC 3001

Email: [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com)

**Client Enquiry Line:**  
Toll free 1300 884 560  
Toll +61 3 8643 9010

**Fax:**  
Toll free 1300 886 407  
Fax Toll +61 2 8275 5838

## 1. ABOUT DIMENSIONAL

DFA Australia Limited ('Dimensional') is the Responsible Entity of the Trust. As Responsible Entity, Dimensional is responsible for the administration and investment management of the Trust.

Dimensional is a wholly owned subsidiary of US-based Dimensional Fund Advisors LP. The affiliated entities of Dimensional manage funds on behalf of investors around the world from offices in the United States, Europe, Asia and Australia.

For more than three decades, Dimensional Fund Advisors LP and its subsidiaries and affiliates have been combining rigorous academic research with practical experience to deliver real-world investment solutions. Using this approach, Dimensional seeks to deliver investment solutions that add value through careful design, implementation and execution.

Dimensional established its Australian office in 1994 and began offering investment solutions to local investors with the opening of the Dimensional Wholesale Trusts in 1999.

## 2. HOW THE TRUST WORKS

The Trust is structured as a unit trust registered as a managed investment scheme. When you invest your money in the Trust you are issued units in the Trust and your money is pooled together with other people's money. We use this pool of money to buy investments and manage them on behalf of all investors.

You can invest in the Trust either directly, or indirectly through an Investor Service. An Investor Service refers to an investor-directed portfolio service ('IDPS'), IDPS-like scheme, master trust, wrap account or a nominee or custody service (see Investing through an Investor Service below). Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on any proposed investment from a Participating Adviser, being an adviser who has participated in educational programs conducted by Dimensional about its investment philosophy and approach (see section 1 of the Additional Information Guide for further details) (! See below).

The Trust is one of several trusts managed and offered by Dimensional, called the Dimensional Wholesale Trusts. The Dimensional Wholesale Trusts invest across a broad range of asset classes, including Australian and international equities, and fixed interest securities. A product disclosure statement for each Dimensional Wholesale Trust is available and can be obtained from our website or by contacting Dimensional. You should consider the relevant product disclosure statement in deciding whether to acquire or continue to hold an investment in a Dimensional Wholesale Trust and consult with your Participating Adviser to construct a portfolio that is appropriate for your requirements.

## Investing directly in the Trust

When you invest directly in the Trust you are issued a number of units in the Trust based upon the amount invested and the current unit price. Your units represent your proportionate share of the Trust and reflect the value of your investment. As a result, each unit has a dollar value or 'unit price'. The unit price will vary as the market value of assets in the Trust rises or falls. Unit prices are available from [www.dimensional.com.au](http://www.dimensional.com.au).

Subject to the minimum requirements in the following table, you can increase your investment at any time by applying for more units and decrease your investment by transferring or withdrawing some of your units (including switching to another Dimensional Wholesale Trust).

Minimum Requirements*	
Initial investment	\$1,000,000
Additional investment	\$10,000
Withdrawal	\$10,000
Switch	Nil
Transfer	Nil
Account balance	\$1,000,000

\* If you are investing in the Trust through an Investor Service, the minimums detailed above may not apply. Refer to 'Investing through an Investor Service' below.

In each case, Dimensional may accept a lesser amount at its discretion.

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice. The Constitution allows up to 30 days.

In some circumstances, such as if withdrawals were suspended, you may not be able to withdraw your funds within the usual period upon request. Information about Liquidity Risk is found in section 4 of this PDS.

## Investing through an Investor Service

If you invest in the Trust through an Investor Service, you may be subject to different terms and conditions from those referred to in this PDS. It is the operator of the Investor Service that invests for you that has the rights of a direct investor, and they may choose to exercise these rights in accordance with their arrangements with you. You will need to contact the operator of the service for details of how to invest in or request a withdrawal from the Trust. You do not need to complete any of our forms.

! You should read the important information about the acquisition and disposal of interests before making a decision. Go to section 1 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to the acquisition and disposal of interests may change between the time when you read this PDS and the day when you acquire the product.

## Frequency of distributions and how they are calculated

The Trust may earn income, such as interest on investments, realised gains or losses on the sale of investments and realised or unrealised gains or losses from currency hedges. The Trust will normally distribute an amount, determined as appropriate by Dimensional, to each unit holder on a quarterly basis, based on the number of units held as at the end of the distribution period. In some situations, distributions may be paid at other times.

These distributions are normally paid within two weeks after the end of the distribution period. The distributions made at the end of June (the Trust's financial year end) will include income up to the end of June. The amount and components of a distribution will vary from period to period. There may be periods when the Trust does not make a distribution.

If you invest in the Trust through an Investor Service, you should contact the operator of the service to find out how any income distributions are paid to you.

## 3. BENEFITS OF INVESTING IN THE TRUST

### Significant features

The Trust seeks to maximise the return of a broadly diversified portfolio of Investment Grade, domestic and global fixed interest securities. Ordinarily, the Trust will invest in securities with an overall maximum weighted average maturity of two years and, for any individual security, a maximum maturity of up to three years from the date of settlement. Dimensional seeks to hedge most foreign currency exposure to the Australian dollar (for the AUD class units) or New Zealand dollar (for the NZD class units). See section 5 of this PDS for details.

### Significant benefits

An investment in the Trust offers investors a range of key benefits:

- The focus on Investment Grade, short-term securities means the Trust is expected to remain highly liquid.
- The investment strategy is grounded in rigorous academic research.
- The investment strategy will provide exposure to a professionally managed portfolio of securities.
- The investment strategy is diversified to manage risk. Diversification also provides flexibility, which in turn allows for more efficient implementation of the portfolio.
- Dimensional seeks to keep costs low by paying close attention to costs, including both management and implementation costs.
- Direct investors receive regular investment statements and an annual tax statement to keep you up-to-date on your investment.

! You should read the important information about these and other features and benefits of the Trust before making a decision. Go to section 3 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to these and other features and benefits of the Trust may change between the time when you read this PDS and the day when you acquire the product.

## 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. Different strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest expected long-term returns may also carry the highest level of short-term risk. It is important to understand that:

- The value of the investments will go up and down.
- Investment returns (even over the long term) are not guaranteed and you may lose money on any investment you make.
- The level of returns will vary and future returns may differ from past returns.
- Laws affecting registered managed investment schemes may change in the future, and
- The level of risk for each person will vary depending on a range of factors including: age, investment time frames, where other parts of your wealth are invested and your risk tolerance.

The significant risks of the Trust are summarised below, but these risks are not exhaustive and there could be other risks that may adversely affect the Trust.

### Market risk

Economic, political, and other factors may cause the overall investment market to fall in value. A fall in the market may lead to a decrease in the price of securities held by the Trust irrespective of the merits or otherwise of the individual securities.

### Security risk

This is the risk attributed to the circumstances of an individual security. It can relate to management, operational, product, industry and other factors. Even if the Trust is well diversified, falls in the price of an individual security may affect the value of your investment.

### Liquidity risk

Sometimes, when securities are not traded frequently or in large amounts or when market conditions are difficult, buying interest can dry up. This can make it hard for investors to sell securities at short notice and at a desired price. In periods of illiquidity, Dimensional may not be able to sell securities to pay withdrawal requests by you. If the Trust becomes illiquid within the meaning of the Corporations Act, Dimensional may suspend withdrawals.

In accordance with the Constitutions, Dimensional may delay the calculation of withdrawal prices or

the payment of withdrawal proceeds in a number of circumstances including (but not limited to) where it is impractical to calculate the current unit price, due to, for instance, the closure of a securities exchange or an emergency or other state of affairs.

### **Credit risk**

The market value of fixed interest securities in the Trust could fall if the issuer or any guarantor of a security is unable or unwilling to make timely principal and/or interest payments. Also, the perception of increased risk of a default could lower the value of the securities. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings. Bonds are subject to the risk that litigation, legislation or other political events, local and/or global business or economic conditions, or the bankruptcy of the issuer could have a significant effect on the issuer's ability to make payments of principal and/or interest. Credit quality criteria are applied at the time of purchase. The Trust may continue to hold securities that are no longer eligible for additional investment because, for example, credit quality has fallen below the criteria specified for the Trust.

### **Term risk**

Term risk refers to the risk of investing in fixed interest securities such as bonds that mature in the future. In general, the longer the time until a bond matures, the more its price may fall due to changes in interest rates, inflation, supply and demand, risk aversion and other factors.

### **Currency risk**

The value of investments denominated in a currency other than Australian dollars (for the AUD class units) or New Zealand dollars (for the NZD class units) is affected by changes in the Australian or New Zealand dollar (as the case may be) in relation to the value of the foreign currency in which the investment is denominated. When the value of the Australian dollar (or New Zealand dollar) falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the Australian (or New Zealand) dollar rises, the value of foreign investments falls. Most foreign currency exposure is hedged as set out in section 5 of this PDS.

### **Lack of diversification across asset classes**

While the Trust holds a diversified portfolio of securities in an asset class, an investment in only one asset class may involve greater risk than investing in several asset classes. Diversification may therefore be improved by investing across different asset classes.

### **Regulatory risk**

Regulatory risk arises from regulatory or taxation changes introduced by a government or a regulator, which may affect the value of securities in which the Trust invest. These regulatory or taxation changes may occur in Australia or other countries in which the Trust invest.

### **Derivatives risk**

Derivatives are financial instruments the value of which is derived from an underlying asset, rate or

index. They may be used in the Trust to manage risk, including foreign currency exposure risk, or gain exposure to markets, although they carry risks of their own. These include liquidity risk, market risk and counterparty risk. Changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will work. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains or cause losses if the market moves in a manner different from that anticipated by the Trust or if the cost of the derivative outweighs the benefit of the hedge.

### **Counterparty risk**

The Trust's trading counterparties may become insolvent or otherwise not meet their obligations to the Trust which may affect the value of your investment.

### **Strategy risk**

The Trust's investment strategy, as described in section 5 of this PDS, may mean that the Trust performs differently from the market as a whole. The Trust may at times underperform fixed interest funds that use other investment strategies.

### **Trust risk**

Results from investing in the Trust, including tax outcomes may differ from investing directly in the underlying securities. The actions of other unit holders, such as applications or redemptions, may have an impact on your share of tax credits and income distributed by the Trust. Dimensional could be replaced as the responsible entity or the manager, or the Trust could terminate.

### **Operational risk**

This refers to a range of risks associated with the operation of the Trust and includes human error, systems breakdown, external threats and other factors beyond Dimensional's control.

### **Securities lending risk**

Dimensional may lend securities for the purpose of generating additional income for the Trust. There is the risk that a borrower may fail to return the securities in a timely manner or at all. There is also a risk of financial loss associated with the investment of cash collateral on behalf of the Trust (see Counterparty risk). In such events, the Trust could experience delays in recovering assets and may incur a capital loss.

### **Cyber security risk**

Dimensional and its service providers' use of internet, technology and information systems may expose the Trust to potential risks linked to cyber security breaches of those technological or information systems. Cyber security breaches, amongst other things, could allow an unauthorised party to gain access to proprietary information, customer data, or Trust assets, or cause Dimensional and/or its service providers to suffer data corruption or lose operational functionality.

**If some or all of these risks materialise, the value of your investment in the Trust may go down.**

## 5. HOW WE INVEST YOUR MONEY

**Please note:** You should consider the likely investment return, the risk and your investment timeframe when choosing an investment in the Trust.

<b>Investment return objective</b>	<p>Within the risk constraints of investing in eligible short-term, Investment Grade securities, the objective of the Trust is to maximise the return of a broadly diversified portfolio of domestic and global fixed interest securities.</p> <p>The Trust is not managed with the objective of achieving a particular return relative to a benchmark index. However, to compare the performance of the Trust with a cash index, reference may be made to the Bloomberg AusBond Bank Bill Index (AUD class units) or the Bloomberg NZBond Bank Bill index (NZD class units).</p> <p>Investors should note that the index is referred to for comparison purposes only. The index is not intended to represent the current or targeted asset allocation of the Trust. The performance of the Trust may differ significantly from the index.</p>
<b>Strategic asset allocation</b>	<p>Under normal circumstances, the Trust will invest in accordance with the following target allocation range*:</p> <p>Fixed Interest 100%</p>
<b>Description of Trust</b>	<p>The Trust may suit those investors seeking a liquid, low risk, diversified portfolio that provides exposure to the returns of short-term global fixed interest securities.</p> <p>Dimensional's fixed interest portfolios are based on dimensions of expected return that have been identified by academic research.</p> <p>Relative performance in fixed interest is largely driven by two dimensions: bond maturity and credit quality. Bonds that mature further in the future are subject to higher risk of unexpected changes in interest rates. Bonds with lower credit quality are subject to higher risk of default. Extending bond maturities and reducing credit quality increases potential returns.</p> <p>Ordinarily the Trust invests in a diverse portfolio of Investment Grade corporate and government, domestic and global fixed interest securities, with an overall maximum weighted average maturity of two years and, for any individual security, a maximum maturity of three years from the date of settlement. Subject to these and other portfolio constraints, Dimensional seeks to target those eligible markets, and securities within those markets, with higher expected returns considering the dimensions described above. Dimensional may consider other factors when determining term and credit exposures.</p> <p>In making purchase decisions, if the anticipated term premium is greater for longer term securities in the eligible maturity range, Dimensional will generally seek to focus investment in that longer term area, otherwise, Dimensional will generally seek to focus investment in shorter term securities.</p> <p>Two classes of units are offered to all investors: AUD class units that are denominated in Australian dollars and NZD class units that are denominated in New Zealand dollars. Dimensional seeks to hedge most foreign currency exposure either to the Australian dollar (for the AUD class units) or the New Zealand dollar (for the NZD class units).</p> <p>The Trust may lend securities for the purpose of generating additional income. The Trust may gain some or all of its market exposure by investing in other funds managed by Dimensional or its affiliates (including other Dimensional Wholesale Trusts).</p> <p>Members of the Dimensional Group will generally undertake the day-to-day trading of the securities, and may also make investment decisions, in their respective geographic regions under delegated authority from Dimensional.</p>
<b>Minimum suggested time frame</b>	2+ years
<b>Summary risk level</b>	<p>Low</p> <p>The likelihood of the capital value of your investment going down over the short term is relatively low compared to funds investing in higher-risk assets such as equities.</p>
<b>Change to Trust details</b>	Dimensional has the right to close or terminate the Trust and change the Trust's investment return objective, asset allocation and strategies at any time, without prior notice in some cases. Dimensional will inform investors of any material changes as required by law.

\* The Trust is expected to be fully invested. A portion of the portfolio may be allocated to cash for liquidity purposes. Please refer to the Additional Information Guide for further information.



- ! You should read the important information about how we invest your money, including the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments relating to the Trust, liquidity management and borrowing, before making a decision. Go to section 4 of the Additional Information Guide located at [www.dimensionalfund.com.au/other/product-disclosure-statement.aspx](http://www.dimensionalfund.com.au/other/product-disclosure-statement.aspx). The material relating to this may change between the time when you read this PDS and the day when you acquire this product.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

### Fees and costs of the Trust

This section provides summary information about the main fees and costs that you may be charged. These fees and costs may be deducted from your account, from the returns on your investment or from the Trust's assets as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment. You can also use this information to compare the fees and costs with those of other investment funds.

Type of Fee or Cost	Amount
<b>Fees when your money moves in or out of the fund<sup>1</sup></b>	
Establishment fee	Nil
Contribution fee	Nil
Withdrawal fee	Nil
Exit fee	Nil
<b>Management costs</b>	
The fees and costs for managing your investment	0.25% per annum <sup>2</sup>

1. You may incur a Transaction Costs Allowance (also known as a buy-sell spread) when your money moves in or out of the Trust. The current Transaction Costs Allowance is nil on entry and -0.10% on exit as at the date of this PDS. Where

applicable, any Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. Please refer to 'Transaction costs allowance' for more information.

AUD class units:

nil on entry and

-0.10% on exit as at the date of this PDS

NZD class units:

nil on entry and

-0.10% on exit as at the date of this PDS

2. The amount of this fee can be negotiated if you are a wholesale client under the Corporations Act.

### Management costs

Dimensional charges management costs for managing and administering the Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries, but exclude any abnormal expenses, some transaction costs and government charges. Where the Trust invests in an underlying Dimensional group fund, the management costs include the management costs of the underlying fund. However, should the Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional group funds, the management costs of that investment will be an additional cost to the Trust.

The management costs include goods and services tax (GST) after taking into account any expected reduced input tax credits.

### Fees may be changed

Dimensional has the right to increase the management fee for the Trust up to the limit set

out in the Constitution of 1.00% (not including GST) per annum without obtaining the consent of unit holders, but will give unit holders 30 days' advance written notice of any increase in the management costs of the Trust.

### Transaction costs allowance

The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional may pass the transaction costs on to you, by adding or subtracting the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches) you make, so that existing investors do not bear the transaction costs of persons entering and exiting the Trust. Where applicable, the Transaction Costs Allowance is paid to the Trust, and is not a fee paid to Dimensional. The current Transaction Costs Allowance is up to a cap of 0.35% of the amount invested or withdrawn. For example, if you invested \$50,000 you would be charged a Transaction Costs Allowance of up to \$175. Dimensional may vary the Transaction Costs Allowance up to the value of the cap at any time and prior notice will not ordinarily be provided. Updated information on Transaction Cost Allowances can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### Example of annual fees and costs

This table gives an example of how the fees and costs for the Trust can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE – Dimensional Two-Year Diversified Fixed Interest Trust		Balance of \$1,000,000 with a contribution of \$5,000 during the year
Contribution fee	Nil	0
PLUS Management costs	0.25% p.a.	And, for every \$1,000,000 you have in the fund you will be charged \$2,500 each year.
EQUALS Cost of fund		If you had an investment of \$1,000,000 at the beginning of the year and you put in an additional \$5,000 <sup>1</sup> during that year, you would be charged fees of \$2,500 <sup>2</sup> .  What it costs will depend on the fees you negotiate with your fund or financial adviser.

1. Assumes that the \$5,000 investment occurs on the last business day of the year.
2. The contribution fee is nil and thus an additional investment does not incur any extra fees. Please note this is an example only. In practice your

actual investment balance will vary daily and the actual management costs charged, which are based on the value of the Trust, will therefore also vary daily. The calculation also assumes no abnormal expenses have been incurred. You may also incur transaction costs when you invest in or withdraw from the Trust. Please refer to section 5 of the Additional Information Guide for more information (! See below).

- ! You should read the more detailed information about fees and costs generally before making a decision. Go to section 5 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The more detailed information about fees and costs generally may change between the time when you read this PDS and the day when you acquire the product.

**Please note:** If you consult a financial adviser, additional fees may be paid by you. You should refer to the statement of advice that will be provided by your financial adviser, which sets out the details of these fees (if any).

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

**Please note:** Investing in a managed investment scheme is likely to have tax consequences. You are strongly advised to seek your own professional tax advice.

Managed investment schemes do not pay tax on behalf of investors, and as an investor you will be assessed for tax, depending on your circumstances, on your share of any income and capital gains generated by the Trust.

- ! You should read the important information about taxation matters relating to the Trust and managed investment schemes generally before making a decision. Go to section 6 of the Additional Information Guide located at [www.dimensional.com.au/other/product-disclosure-statement.aspx](http://www.dimensional.com.au/other/product-disclosure-statement.aspx). The material relating to taxation matters may change between the time when you read this PDS and the day when you acquire the product.

## 8. HOW TO APPLY

### How to invest in the Trust

To invest directly in the Trust:

1. Read this PDS and the Additional Information Guide;
2. Complete and sign the application form for this Trust; and
3. Send the application form to the Unit Registry together with your application money and Identification Information as applicable.

Facsimile instructions will not be accepted for initial applications. If you are an existing investor and wish to increase your investment, please refer



to section 1 of the Additional Information Guide for information on how to make an additional investment.

If you are investing through an Investor Service, you must complete the documents the operator of the service requires.

### Cooling off period

If you are a 'retail client' as defined in the Corporations Act, you have a 14 day cooling off period, in relation to initial and additional investments, in which to decide whether to proceed with the investment. Retail clients are, generally, clients who have invested less than \$500,000 and are not 'professional investors' as defined in the Corporations Act or other types of wholesale clients.

The 14 day period commences on the earlier of the date you receive the transaction confirmation (if applicable) or five business days after the units are issued. Within this period, you may withdraw your investment by writing to the Unit Registry at the contact details set out in this PDS or in any other way specified in the Corporations Regulations. The letter must include the following details: full name, address, Trust(s), amounts invested and, if known, account number with Dimensional and date of deposit.

The amount returned may be less than the amount invested. The amount you receive will be based on the withdrawal price calculated with reference to the time Dimensional receives your written request to withdraw your investment, subject to adjustments permitted under the Corporations Act, including deductions for any non-refundable tax or duty paid or payable relating to the investment and its withdrawal.

As the amount refunded may be greater or less than the amount initially invested, there may be tax implications. Cooling off rights do not apply to distribution reinvestments, to switching between Trusts or classes of units in the same Trust, where you have exercised any of your rights under the terms applicable to the units or where the Trust is illiquid.

Cooling off rights do not apply if you are investing through an Investor Service. You should contact the operator of the Investor Service to determine what cooling off rights you may have.

### Complaints

If you are investing through an Investor Service and you have any concerns or complaints regarding your investment, please contact your Investor Service.

If you have invested directly in the Trust and you have any concerns or complaints about the Trust or the services provided to you by Dimensional, you can call or write to Dimensional (for the attention of the Compliance Manager) at the contact details

for Dimensional set out in this PDS. Dimensional will provide you with all reasonable assistance and information that you may require for the purpose of making a complaint and to assist you in understanding Dimensional's complaints handling procedures. Dimensional aims to provide a formal response within 30 days of receipt of the complaint.

Dimensional is a member of the Financial Ombudsman Service (FOS), an external industry dispute resolution scheme. If you are not satisfied with Dimensional's response to your complaint, you can contact FOS. Its address is GPO Box 3, Melbourne, Victoria 3001. The telephone number for FOS is 1300 78 08 08 for the cost of a local call. FOS has the discretion to exclude a complaint by a person who is not a retail client.

### Privacy

Dimensional is committed to protecting the privacy of your personal information. Dimensional collects personal information in the application form, and may collect additional personal information in managing your investment account and providing this product to you. If you do not provide the information in the application form to Dimensional, we may not be able to process or accept your application.

Dimensional's privacy policy states how Dimensional manages personal information. You can obtain a copy from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au) or by telephoning or writing to Dimensional. You may contact Dimensional at any time with questions or concerns about privacy, or to request access to your personal information held by Dimensional, or to correct or update the information. For information as to how Citigroup Pty Limited (as Unit Registry) handles, stores, uses and discloses personal information please see its Privacy Policy available at [www.citi.com.au/privacy](http://www.citi.com.au/privacy).

# Dimensional Wholesale Trusts

## Additional Information Guide

Issuer: DFA Australia Limited ABN 46 065 937 671 (Dimensional)

Australian Financial Services Licence number: 238093

Date of Additional Information Guide: 15 September 2015

The Product Disclosure Statements (each a PDS) dated 15 September 2015 for the Dimensional Wholesale Trusts contain a number of references to additional important information contained in this Additional Information Guide. The information contained in this Additional Information Guide is important and forms part of, and should be read in conjunction with, each PDS.

Certain sections in this Additional Information Guide may not apply to all of the Trusts, as indicated in the relevant sections.

Definitions of certain capitalised terms used in this document and each PDS appear in the Glossary at the end of this document.

Contents	
1	Acquisition and disposal of interests
2	Warning statement for New Zealand investors only
3	Benefits of investing in the Trust
4	Additional information about how your money is invested
5	Additional information about fees and costs
6	How managed investment schemes are taxed
Glossary	

# 1 Acquisition and disposal of interests

## 1.1 Applying for interests

### 1.1.1 *How to make an additional investment*

If you are an existing unit holder, you may make an additional investment by either:

- Completing an application form for the Trust, or
- (For investments in a Trust in which you have already invested) sending the Unit Registry a request in writing in a format approved by Dimensional (by letter or facsimile), signed by the Authorised Signatories, specifying your eight digit account number, the Trust name, the class of units (if applicable) and the amount of the additional investment. Your written instruction should also state that you have read the current PDS.

It is your responsibility to ensure the application request has been received by the Unit Registry. Therefore, you must also advise the Unit Registry that you have made the application by telephoning the Unit Registry on 1300 884 560 (toll free) or +61 3 8643 9010 or by emailing the Unit Registry at [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com) by the cut-off time (currently set at 2.00pm Sydney Time) on the day you send the application. Dimensional has discretion to allow applications after this time in limited circumstances. Dimensional does not accept any responsibility or liability for deposits it does not know about or which appear later in the application account with an earlier deposit date and/or time (see section 12 of the application form for the Trust).

Please refer to the facsimile instruction conditions in section 1.7 of this Additional Information Guide.

For investors who have entered into separate arrangements with Calastone Limited to use the Calastone execution messaging network, Dimensional may also at its sole discretion provide the option to submit applications for additional investments via the Calastone network. Investors' use of the Calastone network will be governed by the terms and conditions of their respective agreements with Calastone Limited. Dimensional will not be liable to an investor for any loss in connection with instructions sent via such network which are not received by Dimensional.

An application for an additional investment will be dealt with in accordance with the PDS current at the time of the application. You must also pay the additional investment amount at the time of your application. If you wish to invest in a new Trust, your application must be for no less than the minimum initial investment amount for that Trust set out in section 2 of the PDS. If you wish to add to your existing investment in a Trust, your application must be for no less than the minimum additional investment amount for that Trust set out in section 2 of the PDS. In either case, investments for a lesser amount may be accepted at Dimensional's discretion. Dimensional will send you a transaction confirmation showing details of each investment as soon as is reasonably practicable after the investment.

It is important when making any investment decision that you have complete and up-to-date information. You should therefore refer to the PDS, including this Additional Information Guide, and any information Dimensional makes available to you. This includes any future or replacement PDS and transaction statements. You are entitled to request copies of the current PDS, including this Additional Information Guide, and a transaction statement from Dimensional free of charge at any time. The current PDS may also be downloaded from Dimensional's website.

### 1.1.2 *Advice from Participating Advisers*

Dimensional may require, as a condition of accepting your initial or any additional applications, that you first receive advice on your proposed investment from a Participating Adviser. If you cease to be a client of a Participating Adviser after making an initial investment, Dimensional may reject any additional investments from you unless you first receive advice on your proposed additional investment from a Participating Adviser. Dimensional does not give any endorsement of or recommendation as to the services offered by Participating Advisers, and accepts no liability to any person in relation to the Participating Advisers or their conduct. For further information, please contact Dimensional.

### 1.1.3 *Processing of applications*

Dimensional sets a cut-off time when processing applications to the Trusts and determining application prices. Currently, the cut-off time is set at 2.00pm Sydney Time. The way Dimensional calculates application prices is described in section 1.6 of this Additional Information Guide.

Applications received before the cut-off time will, if accepted by Dimensional, be processed at the next determined application price. This is provided application monies are received as cleared funds on or before the day of application, unless Dimensional determines otherwise at its discretion. The next determined application price generally will reflect the prices as at the close of trading on that day.

Applications received after the cut-off time will, if accepted by Dimensional, be processed at the application price applicable to the following business day.

Once your application has been received, Dimensional has the discretion to enter into transactions on behalf of the Trust in anticipation of receiving the cleared funds. If the cleared funds are not received by Dimensional, you will be liable for losses, costs and expenses (including any tax payable) reasonably incurred by Dimensional or the relevant Trust, including losses as a direct result of adverse market movements.

Acceptance of an application is conditional on the supply of relevant supporting evidence of your identity (Identification Information) with your application. If Dimensional is not satisfied with the Identification Information, Dimensional may request additional information or reject the application.

Dimensional has discretion to reject an application (even if it has received cleared funds) or to accept it in part only. Dimensional also has discretion to accept a transfer of eligible securities as payment for the units.

You are not entitled to any interest on application monies pending the issue of units. Any interest earned on application monies in the application account (after deducting bank fees and charges) will periodically be allocated to the Trusts.

#### 1.1.4 Anti-money laundering

The purpose of the AML/CTF Act and Rules is the regulation of financial services and transactions in a way that will help detect and prevent money laundering and terrorism financing.

As required by the AML/CTF Act and Rules, Dimensional has implemented an Anti-Money Laundering and Counter Terrorism Financing Program (AML/CTF Program) in an attempt to identify, manage and mitigate the risk of its products and services being used for the purposes of money laundering or terrorism financing. Under the AML/CTF Program, Dimensional has procedures in place to reasonably verify the identity of all prospective investors before providing services to that investor, and from time to time thereafter. Failure to verify the identity of a new investor, due for example to the reluctance on the part of the investor to provide the necessary Identification Information, will likely result in the delay or refusal of the investor's application in the Trust. Dimensional or the Unit Registry will not be responsible for any losses (including consequential loss) incurred by an investor who fails to comply with these requirements.

In accordance with the AML/CTF Act and Rules, there may be occasions where Dimensional or the Unit Registry is required to disclose information in respect of an investor's application and/or subsequent transactions to regulatory and/or law enforcement agencies, including the Australian Transaction Reports and Analysis Centre (AUSTRAC).

## 1.2 Distribution choices

You may choose on the application form to have your distributions:

- Reinvested in additional units of the same class in the relevant Trust, or
- Paid directly to your nominated Australian or New Zealand bank (only for unit classes denominated in NZD), building society or credit union account.

Please note that if you do not make a distribution choice, distributions will be automatically reinvested in additional units in the relevant Trust. Where a distribution is reinvested, generally, no Transaction Costs Allowance will be added and Dimensional will notify you within 30 days of the number of the units issued to you.

You may change your distribution option at a later date, providing notification of the change is provided to the Unit Registry in writing and signed by the Authorised Signatories at least one week before the end of the distribution period. An amendment to a nominated bank account cannot be accepted by fax instruction and must be notified to the Unit Registry in writing in the form of an original instruction signed by the Authorised Signatories, at least one week before the end of the distribution period. In normal circumstances, Dimensional will grant your request to change your distribution option. However, Dimensional has the discretion to decline your request. If the request is declined, Dimensional will notify you within a reasonable timeframe. Distributions generally cannot be paid to third parties.

## 1.3 Disposal of interests

### 1.3.1 How to withdraw units

You may withdraw some or all of your investment in a Trust at any time by providing a written withdrawal notice (by letter or facsimile) to the Unit Registry in a format approved by Dimensional. The notice must be signed by the Authorised Signatories, specifying your eight digit account number, the Trust name, the class of units (if applicable) and the amount of the withdrawal. Please refer to the facsimile instruction conditions in section 1.7 of this Additional Information Guide.

It is your responsibility to ensure the withdrawal notice has been received by the Unit Registry. Therefore, you must also advise the Unit Registry that you have made the withdrawal notice by telephoning the Unit Registry on 1300 884 560 (toll free) or +61 3 8643 9010 or by emailing the Unit Registry at [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com) by the cut-off time (currently set at 2.00pm Sydney Time) on the day you send the notice. Dimensional has discretion to allow withdrawal notices after this time in limited circumstances. Dimensional does not accept any responsibility or liability for withdrawal notices it does not know about.

For investors who have entered into separate arrangements with Calastone Limited to use the Calastone execution messaging network, Dimensional may also at its sole discretion provide the option to submit withdrawal notices via the Calastone network. Investors' use of the Calastone network will be governed by the terms and conditions of their respective agreements with Calastone Limited. Dimensional will not be liable to an investor for any loss in connection with instructions sent via such network which are not received by Dimensional.

An amendment to a nominated bank account cannot be accepted by fax instruction and must be notified to the Unit Registry in writing in the form of an original instruction signed by the Authorised Signatories.

### 1.3.2 Processing of withdrawals

Withdrawal notices received by the Unit Registry before the cut-off time (currently set at 2.00pm Sydney Time) will be processed at the redemption price determined as at the next valuation, which will generally reflect the prices at the close of trading on that day. Withdrawal notices received by the Unit Registry after the cut-off time will be processed at the redemption price applicable to the following business day.

If a withdrawal of units in a Trust involves a withdrawal amount that is less than the current minimum initial investment amount for the Trust set out in section 2 of the PDS, Dimensional has discretion to decline the withdrawal, unless the withdrawal notice relates to the balance of your holding. However, the present policy of Dimensional is to accept withdrawals of units having the minimum withdrawal amount for the Trust set out in section 2 of the PDS.

This description of withdrawal procedures assumes that the Trust remains liquid within the meaning of the Corporations Act.

### 1.3.3 Dimensional can withdraw units without you asking

If a withdrawal of units in a Trust would result in you having units which are worth less than the current minimum initial investment amount for the Trust, Dimensional may, at its discretion, treat the withdrawal notice as relating to your entire holding of units in the Trust.

In addition Dimensional may, without receiving a withdrawal notice, cause any units in a Trust to be withdrawn which are worth less than the current minimum initial investment amount.

### 1.3.4 Payment of withdrawal proceeds

Withdrawal proceeds will usually be paid by electronic transfer within three to seven business days of receipt of the withdrawal notice (the Constitution allows up to 21 days for the Dimensional Australian Core Imputation Trust and 30 days for the other Trusts) to a nominated Australian or New Zealand bank (only for unit classes denominated in NZD), building society or credit union account (you must nominate an account for payment of withdrawal proceeds). Withdrawal proceeds cannot be paid to third parties.

However, in relation to some or all of the withdrawal amount, Dimensional may, at its discretion, elect to transfer to you assets of a Trust to the value of the withdrawal amount, or hold those assets on trust for you, rather than pay cash.

If Dimensional elects to transfer assets of a Trust to an investor who is withdrawing an investment, rather than pay cash, or if the withdrawal exceeds \$1 million and 2% of the net asset value of the Trust, and the transfer or disposal of assets to fund the withdrawal results in the Trust realising a net capital gain, then the investor shall be entitled to a distribution amount equal to that net capital gain less capital losses of the Trust, and will be paid that amount as part of the amount received on withdrawal.

## 1.4 Switching

You may change some or all of your investment by switching between Trusts. A switch is processed as a withdrawal of some or all of your existing units in one Trust, with the proceeds used to buy new units in another Trust. To switch between Trusts, you must provide a written switching instruction (by letter or facsimile) to the Unit Registry in a format approved by Dimensional, specifying your eight digit account number, the Trust names, the class of units (if applicable) and the amount of the switch (in units or dollars). The instruction must be signed by the Authorised Signatories. Please refer to the facsimile instruction conditions in section 1.7 of this Additional Information Guide.

It is your responsibility to ensure the switch instruction has been received by the Unit Registry. Therefore, you must also advise the Unit Registry that you have made the switch instruction by telephoning the Unit Registry on 1300 884 560 (toll free) or +61 3 8643 9010 or by emailing the Unit Registry at [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com) by the cut-off time (currently set at 2.00pm Sydney Time, subject to Dimensional's discretion to allow switches after this time in limited circumstances) on the day you send the instruction. Dimensional does not accept any responsibility or liability for switch instructions it does not know about.

Switching instructions received by the Unit Registry before the cut-off time (currently set at 2.00pm Sydney Time) will be processed at the application price for the new units and the redemption price for the existing units determined as at the next valuation, which will generally reflect the prices at the close of trading on that day. Switching instructions received by the Unit Registry after the cut-off time will be processed at the application price and redemption price applicable to the following business day. Transaction Costs Allowances may apply (see section 5.2 of this Additional Information Guide).

If a switch would result in you having existing units which are worth less than the current minimum initial investment amount for that Trust, Dimensional may, at its discretion, treat the switching instruction as relating to your entire holding of units in that Trust.

If you wish to switch between different classes of units in the same Trust, you may withdraw units from one class (existing class units) in the Trust and apply for units in another class (new class units) in the Trust, in accordance with the procedures set out in this section. The application price for the new class units will be determined at the same time as the redemption price for the existing class units. Transaction Costs Allowances may apply (see section 5.2 of this Additional Information Guide).

Dimensional may reject a switch transaction at its discretion.

## 1.5 Transferring your investment

To transfer ownership of units in a Trust, you need to contact the Unit Registry to understand its requirements in relation to documentation and processing of the transfer.

It is your responsibility to ensure a transfer instruction has been received by the Unit Registry. Therefore, you must also advise the Unit Registry that you have made the transfer instruction by telephoning the Unit Registry on 1300 884 560 (toll free) or +61 3 8643 9010 or by emailing the Unit Registry at [unitregistryaustralia@citi.com](mailto:unitregistryaustralia@citi.com) by the cut-off time (currently set at 2.00pm Sydney Time) on the day you send the transfer. Dimensional does not accept any responsibility or liability for transfer instructions it does not know about.

It is also your responsibility to obtain independent advice as to the applicability, extent and payment of stamp duty in relation to the transfer of ownership units in a Trust.

Dimensional may reject a request to transfer ownership of your units at its discretion.

## 1.6 How unit prices for acquisition and disposal of interests are calculated

When you invest in a Trust, you are issued with a number of units in that Trust based upon the amount invested and the current unit price. For Trusts with a single class of unit, each unit represents an equal part of the net asset value of the Trust (based on the market value of the portfolio of investments that the Trust holds). In the case of Trusts that offer more than one class of unit, each unit represents an equal part of the net asset value in respect of a particular class of units of the Trust (based on the market value of the portfolio of investments in respect of that class of units of the Trust). The price of a unit in a Trust is ordinarily calculated each business day when banks are open for business in Sydney. However, in accordance with Dimensional's policy on unit pricing discretions, a valuation will not be carried out for one or more of the Global Trusts or the World Allocation Trusts on a business day in Sydney if, in Dimensional's view, a significant proportion of the markets in which the Trust(s) invest, or to which the Trust(s) are exposed, is closed for business. A copy of that document is available free of charge by contacting Dimensional.

In accordance with the Constitutions, unit prices for a Trust (except Trusts with more than one class of units on issue) are calculated by:

- Dividing the net asset value of the Trust, that is the value of all assets less liabilities (other than liabilities relating to unit holders' redemption rights) of that Trust, by the number of units on issue to determine the net asset value of each unit,
- For application prices, adjusting the net asset value of each unit by adding a Transaction Costs Allowance, and
- For redemption prices, adjusting the net asset value of each unit by deducting a Transaction Costs Allowance.

Unit prices for Trusts with more than one class of unit on issue are calculated by:

- Dividing the net asset value in respect of a particular class of units of the Trust, that is the value of all assets less liabilities (other than liabilities relating to unit holders' redemption rights) of that particular class of units of the Trust, by the number of units in that particular class on issue to determine the net asset value of each unit in that particular class,
- For application prices, adjusting the net asset value of each unit in that particular class by adding a Transaction Costs Allowance in respect of that class, and
- For redemption prices, adjusting the net asset value of each unit in that particular class by deducting a Transaction Costs Allowance in respect of that class.

The application price or redemption price may be rounded to the nearest fraction of a cent, as Dimensional determines, acting reasonably. Fractions of units may be issued.

The Transaction Costs Allowance is an estimate of the costs incurred in buying and selling assets of the Trust when units are issued or withdrawn. It is paid to the Trusts, not to Dimensional. A further explanation of the Transaction Costs Allowance is provided in section 5.2 of this Additional Information Guide.

Dimensional has adopted a policy on unit pricing discretions which documents the unit pricing discretions that Dimensional may exercise. If Dimensional exercises a unit pricing discretion in relation to which there is no documented policy current at the time of exercise, or in a way that involves a departure from its policy, it will prepare a document explaining that unit pricing discretion. A copy of that document will be available free of charge by contacting Dimensional.

## 1.7 Facsimile instruction conditions

If you choose to fax instructions to the Unit Registry regarding your investments, you release Dimensional from, and indemnify Dimensional against, all losses and liabilities arising from any payment or action Dimensional makes based on any instruction (even if not genuine) that the Unit Registry receives by facsimile bearing your account number and a signature that appears to be that of the Authorised Signatories on the account. You also agree that neither you nor anyone claiming through you has any claim against Dimensional or the Trusts in relation to these payments and actions.

An amendment to a nominated bank account cannot be accepted by fax instruction and must be notified to the Unit Registry in writing in the form of an original instruction signed by the Authorised Signatories.

Please be aware of the risk of someone giving Dimensional or the Unit Registry a fraudulent withdrawal notice by gaining access to your account number and a copy of your signature.

## 2 Warning statement for New Zealand investors only (this does not apply to the Dimensional Australian Core Imputation Trust which is not registered in New Zealand)

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Responsible Entity will provide a copy of the relevant constitutional documents, in respect of the Responsible Entity or the offer, to offerees on request.

For all securities other than the NZD class units of the Dimensional Global Bond Trust, the NZD class units of the Dimensional Five-Year Diversified Fixed Interest Trust and the NZD hedged class units of the Dimensional Global Core Equity Trust:

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

## 3 Benefits of investing in the Trust

### 3.1 Investor communication

After you have invested, Dimensional will send you:

- Transaction confirmations showing details of each application or withdrawal,
- Periodic statements, setting out the number of units held, the unit price and the current value of your investment,
- Income distribution statements,
- An annual tax statement after 30 June showing income components, to assist you in preparing your tax return, and
- Annual reports, comprising audited accounts, together with reports from the Responsible Entity and the auditor (if you have chosen to receive the annual report).

You may choose whether or not to receive a printed copy of the annual report and PDS in the mail when completing the application form. If you choose not to receive printed copies of these documents, Dimensional will notify you how to access an electronic copy of these documents when the annual report is ready or PDS is issued.

Persons who invest in a Trust via an Investor Service will not receive the above documentation directly from Dimensional. This will be provided by Dimensional to your Investor Service, which will report to you on your investments in accordance with the arrangements governing the Investor Service.

### 3.2 How you can obtain updated information

Information contained in the PDS may be updated from time to time (including by amending this Additional Information Guide) without the need to notify a person to whom the PDS was given if the updated information is not materially adverse to the person. This information includes management costs, the Transaction Costs Allowance and cut-off times for processing applications and withdrawals.

If the PDS is updated, the updated information will be placed on our website [www.dimensional.com.au](http://www.dimensional.com.au).

A copy of the updated information can also be obtained from Dimensional or your Investor Service on request, at no charge.

If there are any materially adverse developments, Dimensional will issue a new PDS as required by law. If you would like more information about the Trusts generally, you can contact Dimensional or visit Dimensional's website.

### 3.3 Performance of the Trusts

Up-to-date performance figures for the Trusts can be obtained from Dimensional's website [www.dimensional.com.au](http://www.dimensional.com.au).



### 3.4 Dimensional's reporting requirements

Dimensional anticipates that some or all of the Trusts may become disclosing entities under the Corporations Act as their investor base grows. If the Trusts become disclosing entities, they will be subject to additional regular reporting and disclosure obligations. Copies of documents Dimensional lodges with ASIC in relation to such Trusts to fulfil these obligations may be obtained from, or inspected at, an ASIC office.

You have the right to request a copy of certain documents from Dimensional in relation to such Trusts. Dimensional must send you the copy you have requested (free of charge) as soon as practicable and in any event within five days of Dimensional receiving your request. Dimensional will provide the copy in the way you choose – by post, fax or email, or you may collect the copy from Dimensional's offices.

The documents are:

- The annual financial report for each such Trust most recently lodged with ASIC,
- Any half-year financial report lodged with ASIC, and
- Any continuous disclosure notice given for each such Trust after lodgement of the annual financial report for that Trust and before the date of the PDS.

To find out if a Trust is a disclosing entity, please contact Dimensional.

## 4 Additional information about how your money is invested

### 4.1 Extent to which labour standards, environmental, social or ethical considerations are taken into account in the selection, retention or realisation of investments

When making investment decisions, Dimensional follows the approach as set out in the Description of Trust in section 5 of the PDS for each Trust. Dimensional generally does not consider labour standards and environmental, social and ethical considerations in relation to asset classes and individual investments except from time to time, where these may materially affect the performance objectives for the purpose of selecting, retaining, or realising investments.

Dimensional has no predetermined views about what it regards as labour standards or environmental, social and ethical considerations and how far these standards and considerations are to be taken into account, other than taking into account such standards and considerations that it becomes aware of, to the extent that they may have a detrimental financial effect on investments.

Dimensional has no set approach or timeframe to monitor or review the methodology for taking such standards and considerations into account. Dimensional will determine on a case by case basis the approach to take when investments no longer match their investment objectives.

### 4.2 Cash and liquidity management

To manage day-to-day transaction requirements such as investor withdrawals, currency hedging, futures margin requirements (if applicable) or any other short-term cash management requirements, the Trusts may maintain some cash. To effectively manage this cash, a Trust may invest in cash equivalent investments (such as short-term money market instruments and short-dated debt securities) that aim to preserve capital and provide liquidity.

### 4.3 Borrowing

Under the Constitutions, Dimensional has power to borrow on behalf of the Trusts. However, Dimensional would only borrow where it believes it is in the best interests of unit holders to do so. It is not currently Dimensional's intention to borrow on behalf of any of the Trusts, other than to the extent required to manage cash flows by way of short-term funding of withdrawals of units and asset purchases.

### 4.4 Custodian and Unit Registry

Dimensional has appointed Citibank N.A. Hong Kong Branch as Custodian of the global assets of the Trusts and Citigroup Pty Limited as Custodian of the domestic assets of the Trusts and to provide fund accounting and unit registry services.

The Custodian's role is limited to holding the assets of the Trusts as agent for Dimensional. Certain Trust assets are not held by the Custodian, but are held on trust by the Responsible Entity. The cash of the Trusts is held on trust by the Responsible Entity in a deposit account with the Custodian, and is exposed to the credit risk of Citibank while funds are on deposit. The Custodian does not make investment decisions in respect of the assets, has no supervisory role in relation to the operations of the Trusts and has no liability or responsibility to unit holders.

Citibank has not independently verified the information contained in a PDS and, accordingly, accepts no responsibility for the accuracy or completeness of the PDS. Citibank does not guarantee the success or the performance of the Trusts nor the repayment of capital or any particular rate of capital or income return.

### 4.5 Investing in Dimensional Group funds

To achieve their objectives, the Trusts may gain some or all of their market exposure by investing in other funds managed by the Dimensional Group (including other Dimensional Wholesale Trusts) as determined by Dimensional and where allowed by applicable laws and regulations. A Trust may invest operating cash balances or cash collateral received in connection with its securities lending arrangements in money market funds or other funds, including funds managed by the Dimensional Group.

### 4.6 Implementation

Where applicable, when obtaining exposure to equity or real estate securities, the Trusts may invest in securities of entities listed on the local exchanges of countries designated by Dimensional as approved markets and hence eligible for investment.

However, the Trusts also may gain exposure through other securities. These include dual-listed securities, depositary receipts and companies that have significant exposure to the economic and market forces of approved markets but are listed on an exchange in another country. Alternative securities such as exchange traded funds, futures, options or other instruments may also be used.

## 5 Additional information about fees and costs

### 5.1 Management costs

Dimensional charges management costs for managing and administering each Trust which are payable out of the assets of the Trust. The management costs include Dimensional's management fee and expense recoveries but exclude any abnormal expenses, some transaction costs and government charges.

Where a Trust invests in an underlying Trust, Dimensional will only charge the management costs set out in section 6 of the PDS (which includes the management costs of any underlying investment). However, should any Trust invest operating cash balances or cash collateral from securities lending arrangements in Dimensional Group funds, the management costs of that investment will be an additional cost to the Trust. For details of the maximum management fee allowed under the Constitution, please refer to section 6 of the PDS.

Expense recoveries are the ordinary out-of-pocket expenses incurred in managing each Trust. These include custody and fund accounting charges, proxy voting fees and expenses, class action service costs, auditing fees, registry fees, taxation advice, costs incurred in preparing annual reports and taxation statements, compliance committee costs, costs incurred in preparing product disclosure statements and in the promotion of the Trust, fees paid to operators of Investor Services that offer the Trust on their menus, other costs arising from the Trust being registered as a managed investment scheme and other charges and expenses incurred or payable in the administration of the Trust.

Abnormal expenses include infrequent or extraordinary costs such as expenses incurred in holding unit holder meetings, expenses resulting from regulatory changes, and updates to Constitutions. Abnormal expenses are deducted from the value of the Trust's assets when incurred and before determining the unit price. If incurred, these abnormal expenses are in addition to the management costs shown in section 6 of the PDS.

### 5.2 Transaction Costs Allowance

Applications increase the funds in a Trust and require additional investments to be acquired for the Trust. Withdrawals from a Trust require additional cash to be made available, so Dimensional may need to sell investments held by the Trust. The Trust is required to pay transaction costs such as brokerage when it buys or sells investments. Dimensional passes the transaction costs on to the investor, by adding or subtracting

the estimate of these costs (the Transaction Costs Allowance) to applications or withdrawals (including switches), so that existing unit holders do not bear the transaction costs of persons entering and exiting the Trust. The Transaction Costs Allowance (where applicable) is paid to the Trusts, and is not a fee paid to Dimensional.

Dimensional may, in connection with any particular application or withdrawal, deem the transaction costs to be a lesser amount than estimated, including zero, or use an estimated average percentage cost in accordance with Dimensional's policy on unit pricing discretions. A copy of the policy is available free of charge by contacting Dimensional. The Transaction Costs Allowance varies between the Trusts and may be amended by Dimensional without notice, from time to time, up to the amounts set out in section 6 of the PDS for each Trust. If Dimensional decides to increase a Transaction Costs Allowance cap, Dimensional will give unit holders 30 days' advance written notice of such an increase. The applicable Transaction Costs Allowance can be obtained from [www.dimensional.com.au](http://www.dimensional.com.au) or your Investor Service.

### 5.3 Differential fee arrangements

Dimensional may charge, rebate or waive management fees to wholesale clients on a basis that differs from that applying to other unit holders, based on individual negotiations between Dimensional and those investors, in accordance with ASIC policy. These arrangements do not involve any extra cost to the Trusts.

### 5.4 Compensation arrangements

Dimensional may pay discretionary bonuses to various directors, employees and investment strategists (or their associated entities) of the Dimensional Group. These amounts are paid by Dimensional out of its own funds and are not an additional cost to the Trusts.

### 5.5 Product access and reporting fees

Dimensional may pay product access and reporting fees to operators of Investor Services such as master trusts and wrap accounts that offer the Trust on their menus. These fees are included in the management costs.

### 5.6 Other benefits to financial advisers

Dimensional may provide non-cash benefits such as sponsorship, educational speakers and dinners associated with conferences to Australian Financial Services Licensees and/or their representatives where the law permits. If it does, it will provide these benefits from Dimensional's own resources so that they are not an additional cost to investors. Dimensional maintains a register summarising any material non-cash benefits that are provided to Australian Financial Services Licensees and/or their representatives. If you would like to review this register, please contact Dimensional.

## 6 How managed investment schemes are taxed

### 6.1 Tax implications of investing for Australian investors

This is a general outline of the significant tax implications of holding units in a Trust for an Australian resident investor (referred to in this section as 'you' or 'your') based on the law as at the date of this Additional Information Guide. The information contained herein generally assumes that the investor is holding the units on capital account. The consequences may differ for different investors, particularly for New Zealand and other non-resident investors (New Zealand investors should refer to the warning statement for New Zealand investors only in section 2 of this Additional Information Guide). This is neither an exhaustive nor definitive summary. Regardless of your residency status, you should consult your tax adviser on the specific tax implications applicable to your personal circumstances. Dimensional cannot take responsibility for the tax treatments applying to an investor investing in the Trusts.

Under normal circumstances, the Trusts do not pay income tax because investors are presently entitled to all distributable income each year. Consequently, investor tax liabilities and tax credits are not included in the calculation of unit prices for the Trust.

### 6.2 Tax on distributions

Your share of the taxable net income of a Trust for an income year should be included in your tax return in the same year you become entitled to the income of the Trust, irrespective of whether that income is distributed or reinvested after 30 June.

Distributions from a Trust may contain various components including investment income such as interest, dividends, net realised revenue and capital gains, and other components such as tax deferred and capital gains tax concession. You may also receive certain amounts not represented by a cash distribution such as franking credits and foreign income tax offsets.

If a distribution includes franked dividends from Australian share investments, the dividend and any franking credits generally will be included in your assessable income. The franking credits may be used to offset any tax payable on income for that year. Excess franking credits may be refundable to Australian resident individuals and superannuation funds, and in certain circumstances generate tax losses for corporate investors. However, depending on your circumstances, if you do not hold the units for a continuous period of 45 days you may not be entitled to offset tax with the franking credits.

If a distribution includes foreign sourced income, you may be entitled to a tax offset for foreign tax paid.

Where Trusts use forward currency contracts to hedge foreign currency exposure, these contracts may have an impact on taxable distributions.

For each of the Fixed Interest Trusts, Dimensional has made the fair value method election under the Taxation of Financial Arrangements provisions. As a result, both realised and unrealised gains and losses on financial arrangements, including unrealised gains and losses on forward currency contracts, will be included in the distribution calculations for these Trusts for income tax purposes. For the hedged class units of the Dimensional Global Core Equity Trust, realised gains and losses generated by the currency hedges will be included in the calculation of taxable income of the Trust. Losses from currency hedges may reduce distributions, while gains from currency hedges may increase distributions. Dimensional may, at its sole discretion, realise investments to manage the distribution levels of these Trusts. These trades may incur costs to the Trusts.

If you invest in a Trust that contains unrealised capital gains, the subsequent realisation of those gains may result in a taxation liability to you, as a unit holder who becomes entitled to the realised gain. Where the amount is a discount capital gain, you are required to include a discount capital gain equal to twice the amount that is attributed to the discount capital gain. Certain investors are entitled to apply a discount percentage to the discount capital gain to the extent it is included in the investor's net capital gain. Where capital losses are offset, they will only be offset against the capital gain before any discount.

The capital gains tax concession component of a distribution represents the capital gains tax discount claimed by the Trust in relation to the disposal of capital assets. This component is not assessable to individuals or trusts, and does not reduce the cost base of their units. For companies and complying superannuation funds, the amount is effectively wholly or partially taxable due to the operation of the capital gains discount rules.

Where a Trust makes a revenue or net capital loss, it cannot distribute these losses to investors. However, the Trust may be able to carry forward and offset the capital losses against capital gains in subsequent years. Subject to satisfying certain conditions, the Trust may be able to offset revenue losses against taxable income (including net capital gains) in subsequent years.

In some instances the income distributed by a Trust may exceed its taxable income. If this excess is distributed it is referred to as a tax deferred component (which is essentially a return of capital). Tax deferred amounts do not generally form part of your assessable income unless the amount exceeds the cost base of units, in which case the excess is treated as a capital gain. For capital gains tax purposes, the cost base of your units is reduced by any tax deferred amounts which affects your gain or loss on the disposal of the units. Investors should seek their own advice on the treatment of tax deferred amounts as it depends on an investor's individual circumstances.

For an investor that is a complying superannuation fund, broadly, where units wholly support current pension liabilities, distributions from those units are exempt from tax.

### 6.3 Tax treatment of investments held by the Trusts

Generally, the disposal of shares, units, non-cash settleable rights and options held by a Trust will result in the realisation of a capital gain or capital loss unless the investment is held on revenue account. Capital losses can only be offset against capital gains in the same year or a future year to determine the net capital gain included in the calculation of taxable income of a Trust.

Legislation allows certain Managed Investment Trusts (MIT) to make an irrevocable deemed capital account election in respect of shares and units as well as rights and options in respect of shares and units (Eligible Assets) held by a Trust. Dimensional has determined that each Trust satisfies the criteria to make this election and has made the election in respect of each Trust. This provides the Trusts and investors with certainty regarding the tax treatment of disposals of Eligible Assets made by a Trust.

Once the election is in place, eligibility for the capital treatment is required to be confirmed annually. If a Trust is not eligible for the deemed capital account treatment in any particular year, the taxation treatment for the investments will be determined under ordinary tax principles.

### 6.4 Future potential changes to the taxation of Managed Investment Trusts

The Government has been developing a new taxation regime for Managed Investment Trusts following recommendations made by the Board of Taxation. Treasury has released a number of Exposure Drafts of this Attribution Managed Investment Trust (AMIT) tax regime for consultation. Where MITs meet the requirements to be an AMIT, it is expected that they will be able to elect to apply the provisions from 1 July 2016, with an elective early start date of 1 July 2015. The changes are intended to provide certainty to current industry practices in relation to the calculation of taxable income and the allocation of taxable income to investors. The details of the new regime are still being finalised as at the date of this Additional Information Guide.

### 6.5 Tax on disposal of units

If you withdraw units or transfer units, this will constitute a disposal of the units for tax purposes. Generally, you will be liable to pay tax on any capital gain realised on the disposal of the units. If you are a trader or institutional investor, this gain may be regarded as ordinary income.

If you have held your units continuously for at least 12 months, individuals and trusts may be entitled to a capital gains tax discount of 50% while complying superannuation funds may be entitled to a capital gains tax discount of 33.33%. Companies are not entitled to any discount.

As set out in section 1.3.4 of this Additional Information Guide (Payment of withdrawal proceeds), if Dimensional elects to transfer assets of a Trust to an investor on withdrawal, the amount received on withdrawal may consist of a distribution of income and/or realised gains plus capital proceeds.

For an investor that is a complying superannuation fund, broadly, where units wholly support current pension liabilities, gains and losses from the disposal of those units are disregarded.

### 6.6 Goods and Services Tax (GST)

GST of 10% generally applies to the fees, costs and expenses payable by the Trusts. However, in respect of some of these fees and expenses, the Trusts will usually be entitled to claim an input tax credit and/or a reduced input tax credit (RITC). The fees, costs and expenses in relation to your investment in a Trust are inclusive of GST after taking into account any expected input tax credit and/or RITC.

### 6.7 Providing your TFN or ABN

You are not obliged to quote your Tax File Number (TFN) or Australian Business Number (ABN). However, if you do not quote either of them, Dimensional is required to deduct tax from your distributions at the highest marginal tax rate, plus the Medicare Levy, a total of 49%. If you are exempt from quoting a TFN, please provide your reason for the exemption and your exemption number.

### 6.8 Foreign Account Tax Compliance Act (FATCA)

The United States of America (US) has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. Australia has implemented FATCA by signing an Inter-Governmental Agreement (IGA) with the US and enacting domestic legislation. Broadly, the rules require the Trusts to identify and document the FATCA status of its investors, and to report details of certain US persons in the Trusts to the ATO who will then forward the information to the US tax authorities.

In order for the Trusts to comply with their FATCA obligations, the Trusts will request certain information from their investors as set out in the application form. Please consult your tax adviser should you wish to understand the implications of FATCA in your particular circumstances. Dimensional will not be liable for any loss an investor may suffer as a result of the Trusts' compliance with FATCA.

## Glossary

### **'AML/CTF Act and Rules'**

means Anti-Money Laundering and Counter-Terrorism Financing Act (Cth) 2006 and Anti-Money Laundering and Counter-Terrorism Financing Rules (as amended from time to time);

### **'ASIC'**

means the Australian Securities and Investments Commission;

### **'Authorised Signatories'**

means one or more approved signatories of the registered unit holder, in accordance with the most recent valid signing instructions provided by the investor;

### **'Constitution'**

means the constitution for a particular Trust as amended or replaced from time to time;

### **'Corporations Act'**

means the Corporations Act (Cth) 2001 as amended from time to time;

### **'Dimensional'**

means DFA Australia Limited ABN 46 065 937 671;

### **'Dimensional Group'**

means the Dimensional group of companies;

### **'Dimensional LP'**

means Dimensional Fund Advisors LP, a limited partnership formed in the state of Delaware, United States of America;

### **'Fixed Interest Trusts'**

means the following Trusts:

Dimensional Short Term Fixed Interest Trust

Dimensional Two-Year Diversified Fixed Interest Trust

Dimensional Five-Year Diversified Fixed Interest Trust

Dimensional Global Bond Trust;

### **'Global Trusts'**

means the following Trusts:

Dimensional Global Real Estate Trust

Dimensional Global Core Equity Trust

Dimensional Global Value Trust

Dimensional Global Large Company Trust

Dimensional Global Small Company Trust; and

Dimensional Emerging Markets Trust;

### **'GST'**

means applicable Goods and Services Tax;

### **'Identification Information'**

means the information and documentation Dimensional is required to obtain from investors which relates to the identification and verification of their identity in accordance with the AML/CTF Act and Rules;

### **'Investor Service'**

means an investor-directed portfolio service (IDPS), IDPS-like scheme, master trust, wrap account, or a nominee or custody service;

### **'Investment Grade'**

means a credit rating of BBB- or higher by Standard & Poors Rating Group or Fitch Rating Ltd, or Baa3 or higher by Moody's Investor's Service, Inc.;

### **'Market Capitalisation Weighted'**

means the amount invested in a company or country is related to its relative market value. For example, a company with a larger market value will represent a larger amount of the portfolio than a company with a smaller market value;

### **'Participating Adviser'**

means (i) a representative of a licensed financial advisory firm who has participated in educational programs conducted by Dimensional about Dimensional's philosophy and approach, or (ii) a representative of a licensed financial advisory firm where the firm has, as at a group level, participated in education programs conducted by Dimensional about Dimensional's philosophy and approach;

### **'PDS'**

means the Product Disclosure Statement for a Trust, where the information in this Additional Information Guide forms part of that Product Disclosure Statement as indicated on the cover page of this Additional Information Guide;

### **'Responsible Entity'**

means a responsible entity as defined in the Corporations Act. The Responsible Entity for each Trust is Dimensional;

### **'Sydney Time'**

means the local time in Sydney, NSW, Australia;

### **'Transaction Costs Allowance'**

transaction costs allowance has the meaning described in section 5.2;

### **'Trusts' or 'Trust' or 'Dimensional Wholesale Trust'**

means one or more, depending on the context, of:

Dimensional Short Term Fixed Interest Trust

(ARSN 092 663 897)

Dimensional Two-Year Diversified Fixed Interest Trust

(ARSN 116 833 222)

Dimensional Five-Year Diversified Fixed Interest Trust

(ARSN 096 155 716)

Dimensional Global Bond Trust

(ARSN 152 865 677)

Dimensional Global Real Estate Trust

(ARSN 126 933 131)

Dimensional Australian Core Equity Trust

(ARSN 120 009 163)

Dimensional Australian Core Imputation Trust

(ARSN 169 928 303)

Dimensional Australian Value Trust  
(ARSN 092 663 735)

Dimensional Australian Large Company Trust  
(ARSN 092 663 600)

Dimensional Australian Small Company Trust  
(ARSN 092 663 520)

Dimensional Global Core Equity Trust  
(ARSN 120 009 305)

Dimensional Global Value Trust  
(ARSN 092 663 360)

Dimensional Global Large Company Trust  
(ARSN 092 663 100)

Dimensional Global Small Company Trust  
(ARSN 092 662 952)

Dimensional Emerging Markets Trust  
(ARSN 092 662 818)

Dimensional World Allocation 50/50 Trust  
(ARSN 162 758 081)

Dimensional World Allocation 70/30 Trust  
(ARSN 152 865 579); and

Dimensional World Equity Trust  
(ARSN 162 757 726);

**‘Unit Registry’**

means Citigroup Pty Limited providing unit registry services as Citi Unit Registry Australia;

**‘Value Companies’**

means companies with a low price relative to various financial measures including, but not limited to, book value, cash flow or earnings;

**‘World Allocation Trusts’**

means the following Trusts:

Dimensional World Allocation 50/50 Trust  
Dimensional World Allocation 70/30 Trust; and  
Dimensional World Equity Trust.

## Directory

**The Responsible Entity**

**Dimensional**  
Gateway Building  
Level 43, 1 Macquarie Place  
Sydney NSW 2000

PO Box R1830  
Royal Exchange NSW 1225 Australia

**General enquiries:** +61 2 8336 7100  
**Investor transaction enquiries:** +61 2 8336 6550  
**Fax:** +61 2 8336 7197  
[invest@dimensional.com.au](mailto:invest@dimensional.com.au)  
[www.dimensional.com.au](http://www.dimensional.com.au)

**The Auditor of the Trusts and Manager**

**PricewaterhouseCoopers**  
Darling Park Tower 2  
201 Sussex Street  
Sydney NSW 2000